PERFORMANCE IMPROVEMENT FRAMEWORK

Review of the Statistics New Zealand (Statistics NZ)

DECEMBER 2014

State Services Commission, The Treasury and the Department of the Prime Minister and Cabinet

New Zealand Government

Performance Improvement Framework
Review: Statistics New Zealand

State Services Commission, The Treasury, and the Department of the Prime Minister and Cabinet
Wellington, New Zealand

Published December 2014
ISBN 978-0-478-43435-4
Web address: www.ssc.govt.nz/pif

Crown copyright 2014

Copyright/terms of use

This work is licensed under the Creative Commons Attribution-Non commercial-No Derivative Works 3.0 New Zealand licence. [In essence, you are free to copy and distribute the work (including in other media and formats) for non-commercial purposes, as long as you attribute the work to the Crown, do not adapt the work and abide by the other licence terms.] To view a copy of this licence, visit http://creativecommons.org/licenses/by-nc-nd/3.0/nz/. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

Lead Reviewers' Acknowledgement

We enjoyed our engagement with the Government Statistician and Chief Executive of Statistics New Zealand (Statistics NZ) and the agency's staff during this second Performance Improvement Framework (PIF) Review. Statistics NZ was in the middle of refreshing its strategic direction in light of rapid changes in its environment. We commend the Executive Leadership Team for seeking this review and challenge at a pivotal time.

Staff and stakeholders were keen to talk about the agency's strengths and challenges. There was a common understanding that Statistics NZ is an important infrastructural asset in the public management system and has significant opportunities to add more value to New Zealand.

We thank all who contributed information for this PIF Review. We appreciated the constructive challenge from the central agency representatives and especially acknowledge the staff at Statistics NZ who provided valuable support.

TABLE OF CONTENTS

Agency's Response 3

Four-year Excellence Horizon 4

Central Agencies' Overview 14

Summary of Ratings 16

Agency Context 18

Results Section 20

- Part One: Delivery of Government Priorities 20
- Part Two: Delivery of Core Business 25

Organisational Management Section 29

- Part One: Leadership, Direction and Delivery 29
- Part Two: External Relationships 33
- Part Three: People Development 36
- Part Four: Financial and Resource Management 38

Appendix A – Overview of the Model 42

Appendix B – List of Interviews 44

Appendix C – Glossary 45

AGENCY'S RESPONSE

The Performance Improvement Framework (PIF) Review could not have come at a better time for Statistics NZ. We recognise that the environment in which we operate has changed dramatically over the last four years. We have found the constructive feedback and recommendations both helpful and challenging as we chart a new course for the organisation. We are motivated by the significant opportunities Statistics NZ has to add value through unleashing the power of data. We believe that this is a 'once in a generational opportunity' and we intend to seize it. We know the challenge of shifting from the organisation we are to the organisation we need to be is significant – but so too is the value to New Zealand. To achieve this, over the next 18 months we will have a sharp focus on six areas.

Redefining our role, vision, purpose and strategy is the critical first step....

Statistics NZ's primary means of adding value to data has been the collection, processing and analysis of data to create Official Statistics. We do this extremely well. As the PIF Review Report articulates, more is required of Statistics NZ to keep pace with, and add value to, our customers in the rapidly changing world of data.

Over the last few months we have been refreshing our strategic direction. The initial output was recently tested and work-shopped with 140 leaders from across the organisation. Their input strengthened and added depth to our vision, purpose, and strategy. There is clear buy-in to our vision which has at its core unleashing the power of data to change lives. To achieve this, the organisation will put customers at the heart of everything we do. Our success in achieving our new vision will be measured by the value derived by our customers and in particular the extent to which they have been able to make better decisions as a result of better data.

Our leaders are now taking the new strategic direction out to their groups and teams. Following this consultation the strategic direction will be confirmed by Christmas 2014. We will reinforce this strategic direction by aligning our organisational character, communication, role modelling, operating model, capability and systems and processes with it.

... including how we work with other agencies to leverage our collective strengths.

As the PIF Review Report notes, we are one of a number of agencies that have a critical role to enable New Zealand to unlock its strategic data and information assets. We are also conscious that we will require the support of central agencies to enable a stronger and more collective leadership role. We are currently leading the Government's response to the New Zealand Data Futures Forum (NZDFF), working with the Treasury, the Department of Internal Affairs (DIA) including the Government Chief Information Officer (GCIO), Land Information New Zealand (LINZ) and other key agencies. At the heart of NZDFF's report is the need to create a robust data-use ecosystem, with agile responsive institutions and effective rules, to support data use. Over the next six months we will spearhead the development of a new collective approach to data leadership across the Public Service to enable intelligent use of data to drive improved outcomes for citizens.

Statistics NZ is committed to leveraging our unique strengths in data management to benefit the whole system as part of a collective network. To do this we will drive increased access to data for users and partners and accelerate re-use of our own data and data from other agencies. We will provide 'data consultancy' services to assist agencies to ensure their data and data management practices are fit-for-purpose. We will lead the development of data integration and analytics, including the development of data analytics capability across the system. We will continue to lead and promote strongly the use of the Integrated Data Infrastructure (IDI) to produce datasets and statistics that are impartial, trusted and represent fit-for-purpose quality.

But changing our role is not enough, we need to change ourselves...

A clear message we have taken from this PIF Review is that our culture is both our strength and our Achilles heel. Historically, our culture has provided us with our reputation for technical excellence, accuracy, objectivity and independence, as well as our reputation for lack of: pace; pro-activity; innovation and insight. While we have made inroads to addressing this view, there are still those outside the organisation who perceive us as 'Fortress Stats'.

We recognise that we need to retain impartiality, trust and accuracy to meet our Tier 1 statistical role but venture into other areas with a different mind-set to help New Zealand unleash the power of information to assist the economy to grow and change lives.

We will work across the organisation to define a new organisational character based on our role, vision and purpose by March 2015. We will progressively redesign our people strategies to support the development of these characteristics, beginning with our recruitment, induction and recognition strategies. As an Executive Leadership Team (ELT) we will look for opportunities to encourage, model and celebrate these characteristics. In particular, we will regularly review our own modelling of pace, prioritisation, assertive leadership, purposeful decision-making and networking.

We have a real opportunity to demonstrate our new character through our provision of integrated data services that support intelligent service delivery across the Public Service. Positive feedback from those accessing microdata is also seen as an indicator of our active engagement. We will measure our success at changing our character by the extent to which we are recognised for increased pace, pro-activity, innovation and intelligent risk-taking, for example, for releasing experimental data, using robust but incomplete data to drive value or being prepared to provide insights into data rather than simply 'putting it out there'.

... and our operating model

One of the things often heard at Statistics NZ is that the need for change has been talked about but little has really changed in the way we do things. We have become a leading national statistics office but have struggled to gain the momentum required of us as part of the wider New Zealand data ecosystem. Our current operating model is still principally based on being a statistical producer and is somewhat disconnected from the world it is servicing. Our new operating model will be customer/citizen-centric, innovative and transparent. We will develop a new operating model that makes our role and strategy real, practical and visible to staff, customers and suppliers.

A current challenge is to translate what PIF terms a "nuanced risk appetite" into something practical that resonates with our people when working on projects or outputs with lower or higher risk tolerances. By May 2015 we will start to embed our new operating model across the business. This will include prioritisation of the Statistics 2020 modernisation initiatives within the new operating model.

... supported by new ways of hearing our customers' voice and walking in their shoes to meet their needs….

In the first half of 2014 we reorganised the business to support a stronger customer-facing approach. While the new approach has begun to break down the silos between the various customer-facing parts of the organisation, we have not yet realised its potential to meet our customers' needs. We want to put customers at the heart of what we do; to do this we need to better understand their needs. Building on the existing Customer Focus project we will investigate and implement new ways of hearing our customers' voice and servicing their needs, including for data consultancy. We will also undertake work to understand the value our customers derive from our products and services,

building on the work undertaken to value the census. Measuring or even seeking to measure the added value of our services will provide an additional incentive for the organisation to think outside-in. At the same time we will continue our drive to reduce compliance costs to our suppliers as part of Government's Better Public Services Result Area 9. We will continue to prioritise working with Māori to better understand and supply the information required to enable Māori-led economic and social development.

... and recruiting, developing and retaining high-end data analytic skills necessary to be data innovators, partners and the providers of innovative services.

Statistics NZ has always been a training ground for statistical expertise for the rest of the Public Service. While there is a high demand for people able to make sense of highly complex new data sources there are currently very few people in New Zealand with the requisite combination of statistical and 'data-science' skill-sets. To perform well, we will need to develop current staff and recruit people with these skills and find innovative ways of sharing their skills across the Public Service. We also have a role working with others on how to best grow these skills within New Zealand. By June 2015 we will have in place career development strategies to meet these needs internally through both recruiting and training existing staff. This will also have implications for our workforce strategy and planning.

As part of the Government's ICT Strategy and Action Plan, by June 2015 Statistics NZ will also have developed a plan to build government capability in data analytics and data science, leveraging expertise across government, academia, business and social sectors.

Final word

This PIF Review, together with our refreshed strategy, has provided insights that have helped us truly understand our potential and will drive us to create opportunities to add value to New Zealand's most important data. The PIF Review makes a compelling case and will be a catalyst for change on multiple fronts, including a more assertive future role, networked leadership opportunities, nuanced culture change, a customer-first emphasis and the ability to operate our business in a future-focused way. The PIF Review has laid down the challenge and confirmed support, now it is up to us to forge that path, own our future and deliver for New Zealand.

Liz MacPherson – Government Statistician and Chief Executive

Teresa Dickinson – Deputy Government Statistician and Deputy Chief Executive Architecture, Design and Programme Governance

Colin Lynch – Deputy Government Statistician and Deputy Chief Executive Customer Strategy and Delivery

Carol Slappendel – Deputy Government Statistician and Deputy Chief Executive Operations

Kelvin Watson – Deputy Government Statistician and Deputy Chief Executive Organisation Capability and Services

Bridget Hamilton-Seymour – Director Office of the Government Statistician and Chief Executive

FOUR-YEAR EXCELLENCE HORIZON

In undertaking this PIF Review the Lead Reviewers considered: "What is the contribution that New Zealand needs from Statistics NZ and, therefore, what is the performance challenge? And if this agency is to be successful at meeting the future performance challenge, what would success look like in four years?"

Background

The operating environment for Statistics NZ has changed and gathered pace dramatically since its last PIF Review in 2011. Significantly more is required of Statistics NZ to keep pace with and add value in this new environment and, as a consequence, the ratings given in 2011 and 2014 look quite different. In addition the PIF rating scale has become more demanding reflecting upgrades to elements of the PIF agency model in 2013 and 2014. This PIF Review looks at the readiness of Statistics NZ to deliver in this very different environment.

In 2011 Statistics NZ was relied upon principally to be the independent producer of core Official Statistics and the guardian of the Official Statistics System. It was (and continues to be) highly regarded for how it performs these core roles, with strong trust in its brand reflecting an enduring strength in this work. At that time its biggest challenge was implementation of the transformation programme, Statistics 2020 Te Kāpehu Whetū (Stats 2020), which would address internal system modernisation and upgrade issues, including enabling increasing use of administration data to supplement or replace survey data gathered for the Official Statistics.

The data and information world is now very different, including: advances in the use of cloud-based computing; Big Data[1] management; increased complexity in data and information security and privacy and increased demand for evidence-based decision-making by the public and private sectors. The data and information management changes, opportunities and risks experienced in recent years will continue to increase in pace.

In addition, the Government has asked the State sector to look at opportunities for increased integration and leverage to drive improved public services. This work will demand intelligent use of data and information to address complex issues and drive value creation for New Zealand. Furthermore, in August 2011, the Government committed to an open data programme to actively release high-value public data that is non-personal and unclassified.

These changes have demanded that the agency reconsiders its role and how it operates. At the time of the 2014 PIF Review it was evident that the ELT and staff recognise the need to redefine the agency's role to add greater value to New Zealand and avoid becoming 'irrelevant'.

The ELT is stepping up to drive the changes necessary to meet these challenges. However, the ratings in this PIF Review Report reflect that, while this strong awareness is there and the leadership capability is now in place, there is a lot to be done. The ELT will be able to leverage the past success and high regard in which the agency is held, as it repositions Statistics NZ for the future.

1 Big Data has been defined as: "... high volume, high velocity, and/or high variety information assets that require new forms of processing to enable enhanced decision making, insight discovery and process optimization." Laney, Douglas. "The Importance of 'Big Data': A Definition". Gartner 2012

Environment

In the drive for Better Public Services, government agencies are considering how to make better use of the diverse databases and information they hold about transactions with New Zealand businesses and citizens. Not only will this reduce compliance costs for citizens and businesses, it will improve the cost, quality, currency and completeness of data held by government agencies. This data can then be used to develop better-informed policy advice and assist decision-making.

A critical challenge is to link diverse databases (including everything from data that supports the Official Statistics to data held by the private sector) to establish a richer set of information upon which to make decisions and evaluate the success of government policies. This includes synthesising complete and incomplete datasets. This linkage provides possibilities through information analytics to identify trends, risks and opportunities the Government may explore to improve social and economic outcomes in New Zealand.

This drive within government agencies is part of a burgeoning industry to derive added value from Big Data. Three years ago McKinsey and Company stated[2]: "The amount of data in our world has been exploding, and analyzing large data sets - so-called big data - will become a key basis of competition, underpinning new waves of productivity growth, innovation ..." with productivity gains expected to be a significant benefit to the government sector.

Opportunities associated with Big Data extend beyond the State sector. In 2013 the Ministers of Finance and Statistics established the New Zealand Data Futures Forum (NZDFF) to explore potential benefits and risks for New Zealand of sharing, linking and using data by public and private sector entities, researchers, non-governmental organisations (NGOs) and individuals. In July 2014 NZDFF reported its recommendations for advancing New Zealand's ability to unlock the value of its data assets to deliver a more prosperous society.

Statistics NZ will coordinate and lead thinking and advice to the Government on the Government's response to NZDFF's recommendations. As New Zealand's national statistical office, Statistics NZ has a strong reputation as a trusted supplier to the Government of social and economic statistics, with considerable expertise in data collection, management and analysis.

A new Government Statistician and Chief Executive, Liz MacPherson, was appointed to head Statistics NZ in 2013. She has implemented considerable change to ensure the agency operates within appropriation and to drive towards being a more customer-focused, efficient and effective agency. The changes include a new organisational structure, a new ELT, a smaller management team, restructuring of corporate functions, a stronger customer focus and a new Enterprise Programme Office. Statistics NZ is also refreshing the 2010 / 2020 Strategic Plan and planning the next tranche of the Stats 2020 programme. It is pleasing that the strong but relatively new ELT is hungry for Statistics NZ to contribute more significantly to New Zealand.

Collective 'network' leadership to unlock the value of New Zealand's strategic information assets is critical

Statistics NZ is one of a number of agencies that have a critical role in enabling the unlocking of New Zealand's strategic data and information assets. Other agencies include DIA, both in its own capacity and more particularly as GCIO and functional lead for government information and communications technology (ICT), LINZ with its responsibility for geospatial and open government data and the Ministry of Justice in its capacity as policy lead for the privacy and official information legislation.

2 McKinsey Global Institute, May 2011: *Big data: The next frontier for innovation, competition, and productivity*

Each of these agencies has roles, responsibilities, authority, skills and deep expertise that, if leveraged collectively, will accelerate the speed and safety with which value can be released from the government's data and information assets. It is the application of this collective influence or network leadership more than the definition of agencies' territories or boundaries that has the potential to add the greatest value to the system.

Statistics NZ, DIA and LINZ are keen to strengthen and broaden their existing collaborations to formulate a collective approach that allows the respective strengths of each (and other key agencies) to be leveraged for the benefit of the system as a whole. They recognise that the approach will need to be able to flex and evolve to meet changing needs. Finding pragmatic ways of realising this collective 'network' leadership in the context of accountability and funding mechanisms that favour vertical approaches will be important. Support for, and recognition of, the collective leadership of this group by central agencies will be critical.

Performance challenge

The performance challenge for Statistics NZ is to redefine its role and then develop new strategies to execute that role. This will include redefining its purpose and vision, developing and implementing the future operating model, and aligning the agency to deliver, with pace, in the rapidly changing environment.

Statistics NZ has a strong and trusted brand as New Zealand's national statistics office amongst those who currently use its products and services. However, the agency's leadership potential and value-add is unclear, internally and externally, and underdeveloped. It needs to align its operating model and organisational practices to deliver on the broader value-adding purpose and role it should play in data collection, analysis, sharing and dissemination within the State sector.

This is a fantastic, generational opportunity for the agency, but there is a risk the changes needed will take too long, or be insufficiently decisive. It is a significant challenge and will require well-thought-through and well-executed change management. The culture of Statistics NZ will need to be aligned to this new role; this will be critical for Statistics NZ to succeed.

Statistics NZ will also need to secure explicit support from the central agencies to endorse a wider mandate for the agency, leveraged off its past narrower role, skills and knowledge in data management.

To meet this performance challenge Statistics NZ must focus on the following areas:

1. Establishing clarity of role and purpose

In response to the uncertain and rapidly changing world of data and information, it is essential for Statistics NZ to establish real clarity internally and externally in its future role and purpose, which need to be driven by accountability for value-add and innovation.

Support from the central agencies and other stakeholders for the agency's wider mandate will enable Statistics NZ to take a stronger and broader leadership role which will involve actively working with others. This may include updating the Statistics Act 1975 to support the agreed role while maintaining the independence associated with the ongoing role as the Government Statistician and in regard to New Zealand's internationally referenced Official Statistics. There is plenty of goodwill from stakeholders for Statistics NZ, based on how it performs currently, with considerable interest in its being much more collaborative and proactive in leading developments in broader data management for the benefit of New Zealand.

It will be equally important for Statistics NZ to establish what it is not, as well as what it is. For example, it cannot and will not be the collector and keeper of all government data, nor will it get in the way of established data-sharing arrangements between agencies (other than to assist with methodologies, standards, capability, etc).

2. Modelling leadership and culture change

For some time Statistics NZ has been seen as holding itself apart from the rest of the Public Service, being internally focused, conscious of the independent statutory role of the Government Statistician and concerned with accuracy of its outputs at the expense of timeliness. While there have been some shifts in this perception, the agency's independence and focus on accuracy, which are essential underpinnings for its brand, are aspects of its culture that may hold it back in taking a broader, more value-adding role in the future. This could lead to sub-optimal outcomes for New Zealand as other more agile, proactive and less impartial organisations usurp its role in the race to acquire first/best available information.

To meet the performance challenge, Statistics NZ will need to make changes to its culture and leadership approach, including:

- the ELT acting differently to support the new role and mode of operating and being seen internally and externally as doing this. This means the ELT must act with 'pace', be clear about prioritisation, exhibit assertive leadership internally and externally, be well-networked externally and be 'deliberate'. This is necessary for Statistics NZ is to have impact and relevance in this fast-changing data-use ecosystem
- building on its strengths of excellence, transparency, respected technical knowhow, and being 'caring, helpful, open, New Zealand-centric', while creating new dimensions of innovation, customer-centricity and agility. This will require a move away from complexity and a siloed data focus towards a greater willingness to use robust but incomplete data
- underpinning the needed culture change with a workforce development programme supported by strong leadership and communication
- developing a new sense of confidence and place for Statistics NZ within the New Zealand public management system.

3. Embedding a clear new operating model

Statistics NZ must redevelop and embed a new operating model that supports its role as leader and collaborator with other key stakeholders. This is important and urgent. This new operating model needs to reflect a networked business model for an agency that is dependent on other agencies and stakeholders as both providers and users.

This will require an approach that is customer-centric, innovative and transparent. The challenge is to both uphold and protect the core production of internationally referenced and robust Official Statistics, as well as facilitating public and private sector organisations to better leverage their performance and decision-making based on relevant, timely and best available data and information. This will require a differentiated service model with more nuanced risk management, i.e. low risk processes and systems for Official Statistics, with increased agility and a higher appetite for risk in regard to system leadership and working with others to deliver and enhance data access and use.

The new operating model must adopt disruptive design and external partnering to help challenge thinking, create new approaches and enable pace. The new model must embrace a simple, clearly understood and disciplined approach to systemising critical systems, processes and accountabilities to achieve success.

The operating model must also be sustainable within the existing fiscal envelope which will demand ongoing efficiency gains driven by innovation, use of smart design and technology to free up employees to focus on higher-value activity.

4. Hearing the customer voice

A very large number of New Zealand organisations and individuals rely on Statistics NZ's existing statistics, information, releases and datasets whether directly or indirectly. This is only going to increase as it becomes more involved in the broader areas of data and information management and as the concept of 'business intelligence' gains greater currency within the State sector.

While Statistics NZ is seen to be responsive to customer needs, the demand for data and information is insatiable and it must manage expectations well and be explicit about what it can deliver and when. This will necessitate clear prioritisation of where it will deploy its resources. To do this, Statistics NZ must gain a much deeper understanding of the needs of key stakeholders and customers and their priorities and business drivers, including an 'outside-in' appreciation of the value, suitability, accessibility and timeliness of its products and services. This work must also be resourced appropriately.

5. Investing in robust platforms and statistical architecture and systematic prioritised asset management

Statistics NZ must complete implementation of essential, outstanding elements of its Stats 2020 legacy system replacement programme, including completion of the multi-data, multi-use platforms and use of off-the-shelf solutions, where appropriate.

It must also build robust, multi-year plans for infrastructural investment. Prioritised infrastructural work, as well as routine asset maintenance and development, should be incorporated in rolling four-year business plans.

6. Modernising internal business practices

Significant internal practices have been identified that need to be simplified and/or updated and/or realigned to support the redefined broader purpose and operating model. Statistics NZ needs to complete the modernisation of its work practices and technologies, including: meaningful, straightforward financial management information; simple organisational structures and clear accountabilities; user-friendly desktop and mobile technology; transparent effective performance management processes, etc. Many of these practice and system changes can be delivered and embedded in the near term; these early wins will support staff commitment and engagement to achieve the redefined purpose, which will take longer to achieve.

Strong leadership and clear prioritisation will be needed to avoid reversion to the past approach of 'projectising' (and thereby elevating) routine work or lower priority activities.

7. Building capability for the future

Statistics NZ needs to update and implement its workforce strategy to ensure it attracts, develops and retains the right capability and expertise to achieve its redefined role and operating model. With the growth of Big Data, there is likely to be heavy demand for the key skills that Statistics NZ will need. The agency will need to be more deliberate about career development options and professional engagement across the State sector to build capacity and capability in its areas of technical speciality to meet its own needs and lift the capability of professionals supporting the Official Statistics System.

Implementation

At the time of this PIF Review, Statistics NZ was undertaking a Strategy Refresh to reset its Strategic Plan and focus after a period of structural change, the catalyst for which was the fiscal context. Statistics NZ needs to quickly land its future business strategy, plans, priorities and accountabilities as this will drive resolution of the performance challenge identified.

Prioritisation of strategies and plans is paramount. Statistics NZ would benefit from integrating the Stats 2020 programme into its future organisational strategy and Four-year Plans to simplify governance, accountability and resource allocation. Statistics NZ also needs to reconfirm what actually still needs to be completed in regard to the original Stats 2020 programme and ensure the benefits identified are realised from all the change projects that proceed.

Statistics NZ must ensure a systematic approach to modernising its core work practices. To do this, it can leverage off best practice and learnings from relevant high-performing agencies in the State sector.

What will success look like?

In four years the potential highlighted by the 2014 NZDFF is being measurably realised with New Zealand becoming increasingly recognised for its leadership and effectiveness as a country in the use of data and information. The New Zealand public and private sectors are better able to make effective short-, medium- and longer-term decisions based on appropriately and efficiently collected and synthesised data and information.

Statistics NZ has just completed the 2018 Census. It created further confidence with the Government and the public in its ability to innovate, be responsive and improve efficiency using new collection methodologies. Testing pilots were used that could be cross-referenced and would validate the use of administrative data for future census. For the 2018 Census 70% of completed forms were returned online (up from 34% in 2013) and there is very high measured customer satisfaction in the collection methodologies and fast dissemination of the Census results. Robust quality assurance supports data integrity. Statistics NZ's close working relationship with Māori has allowed innovative collaboration with highly successful marae-based census participation. The coverage is at or above that achieved in 2013.

In 2018 Statistics NZ is recognised as the leading State sector agency for data collection, dissemination and use for New Zealand, while still being responsible for the production of New Zealand's internationally referenced core statistics. Information is now considered to be a core infrastructure asset for the country. Statistics NZ's system co-ordination responsibility (for which it is now recognised), is wider than its own ongoing provider role. Statistics NZ's success now also depends on the success of its State sector partner organisations and the trusted collaboration that has been built.

Up until 2014 Statistics NZ had been good at what it had been asked to do and was making noteworthy improvements with initiatives such as the Integrated Data Infrastructure (IDI) and expansion of the Tier 1 Statistics. It had achieved this through working in partnership with other agencies.

Statistics NZ had started to think through what it meant to be a leader in the use of data and information, as part of its role as a modern information agency. In 2014 Statistics NZ actively considered how it could play a lead role for data and information to be managed as a strategic asset for New Zealand. In a world awash with data, Statistics NZ recognised it now needed to play a leadership role for the State sector in the management and use of data and information, using

Official Statistics as the anchor or backbone, combined with administrative data to provide a deep understanding of segments. Pace and speed of analysis based on incomplete but robust data was becoming more the norm.

Statistics NZ worked with others to develop an overarching strategy for data stewardship across the State sector that is aligned to the rapid developments in data and information. It helped others see the benefits available, including implications for business, academia, NGOs and local government.

Statistics NZ enhanced its positioning and reputation over the four-year period from 2015 as follows:

- Statistics NZ adopted an innovation-led, collaborative operating model, which built upon and enhanced its already strong and trusted brand. It is now recognised internationally and nationally:
  - as the guardian (and in some cases the producer) of New Zealand's internationally referenced Official Statistics **and**
  - for its customer focus **and**
  - as the proactive, deliberate data-use innovator, driving the unlocking and value-add from data sources for the benefit of New Zealand.
- Statistics NZ stepped up to a facilitating leadership role, working with other agencies in key information leadership roles to ensure 'the rules of the game' for data sharing were right to retain privacy but also oversee the development of the foundations needed for New Zealand to harness the economic and social power of data. Statistics NZ earned respect for working collaboratively with the GCIO, The Treasury, LINZ and other key agencies to significantly lift the State sector's ability to harvest insights from public and private sector data assets. These insights fed into economic and social policy and the Government's investment prioritisation decisions and there are numerous examples of measurable value derived from this work
- Statistics NZ enabled better leverage of its own anonymised datasets by others (e.g. in health, education, justice, academia, NGOs and business) to assist with better decision-making and ensuring easy availability to the public and researchers
- Statistics NZ developed an influential role seeing data as a national strategic asset and finding the balance of 'setting data free' as well as providing 'the source of truth for the Government' for critical data and statistics (such as Gross Domestic Product (GDP), Consumer Price Index (CPI) and population demographics). The agency has been clear and transparent about working at the boundaries of independence and openness, with complete and incomplete datasets
- Statistics NZ partnered with others within the State sector, working with pace to find system solutions and to break through impediments that had limited data-sharing in 2014. This will have included bringing effective disruptive design processes to the table to make progress. In all cases solutions have been adopted only where the prerequisite security, privacy and anonymity of public data could be maintained. Statistics NZ has built on successes with earlier pre-2015 across-government work, including:
  - establishing remote Data Labs
  - contributing to Better Public Services Result Areas 9 and 10
  - hosting and developing the IDI
  - taking the lead on the Government's response to recommendations of NZDFF

- looking at alternative data sources to reduce and re-model surveys to reduce the cost (including duplication) and delay in gathering data
- actively driving the critique and refresh of New Zealand's Tier 1 Statistics

- Statistics NZ operated only where it could add value to New Zealand's social, economic and environmental wealth. It was disciplined and deliberate in this approach, staying out of data-related matters where this could not be achieved
- innovation drove, and has remained at the heart of, Statistics NZ. It always asked: does this need to be done, is there a more efficient way, could we do it differently and have more valuable data available or have it available in real time?
- Statistics NZ became sophisticated in the way it partners and collaborates, choosing to pilot with third parties who shared the vision and readiness in areas it wished to explore. It was also clear how to roll out success in a consistent and open way. Statistics NZ always asked: does this agency need to do this or can someone else do it better if we collaborate or share our wisdom? This approach was extended to data collection, management, analysis and dissemination. It ensured Statistics NZ stayed abreast of rapid changes in the global data-use ecosystem
- in particular, Statistics NZ systematically partnered with third parties to:
  - develop a differentiated service model that delivers core and new functions effectively and efficiently, with demonstrable value/benefit for New Zealand
  - efficiently identify administrative data sources, and extract anonymised data for use, such as through Inland Revenue, the Ministry of Business Innovation and Employment, local government and private suppliers
  - improve access to data or datasets in a form that meets the needs of specialist users, such as Māori, iwi, researchers, and other entities
  - build the capability to identify, collect, link, manage and analyse data in the State sector, through secondments and proactively managing career path opportunities across the State sector in the technical fields with which it is involved
- as a result of Statistics NZ's collaboration with partners, more and more data has been collected only once and efficiently from citizens and businesses
- Statistics NZ's employees have been recognised as highly skilled, approachable, open and agile and abreast of data-related trends. They have developed the ability to make good calls on when to embrace new approaches and when this is not appropriate. They have a deep understanding of the business needs, drivers and reporting cycles of key stakeholders and customers and are meeting those needs
- National Statistics Offices in other countries have adopted some of the New Zealand solutions.

David Butler
Lead Reviewer

Sue Suckling
Lead Reviewer

CENTRAL AGENCIES' OVERVIEW

This PIF Review gives us two key insights into Statistics NZ:

- Statistics NZ has been hugely successful and should be proud of its role as a producer of Official Statistics. This is a real strength and has enabled Statistics NZ to build a strong brand of trust, integrity and independence.
- Trends in the availability, collection, accessibility and use of data mean that decision-makers, whether in government or the private sector, seek a strong, enhanced data eco-system to support their decisions. The public management system needs Statistics NZ to do much more than produce Official Statistics.

Statistics NZ's capabilities and insights position it well to take a stronger leadership role to support government decision-makers in our information age. New capabilities and connections between Statistics NZ, its stakeholders and customers are required to enable Statistics NZ to lead. The opportunities are great but this shift is not without risk. Statistics NZ will need to balance an operating model that enables innovation and flexibility while sustaining its hard-earned reputation. It needs to bring its people with it.

The four-year excellence horizon lays out the challenge for Statistics NZ in supporting the attainment of a strong data eco-system. This eco-system requires data stewardship across government, realising the value of the national strategic asset that is government information, effective data-sharing across agencies and sectors, leveraging existing data-sets and creating new ones, making data more accessible as well as ensuring reliability, and collaborative leadership and ways of working that sustain data collection, management, analysis and dissemination across government.

Statistics NZ has stepped forward to take on this challenge. Its response to this PIF Review is clear – its strategy, culture and operating model will change. As Statistics NZ notes in its response, this leadership needs to be collaborative and networked across government, so that complementary capabilities across DIA including GCIO, LINZ, the Ministry of Justice and The Treasury are leveraged to best effect. This network leadership will need to facilitate the close involvement of our service delivery agencies, such as the Ministry of Social Development and the New Zealand Transport Agency, that generate and use information and so are both producers and customers of the data eco-system. Statistics NZ recognises that a clearer sense of the value that it can or should provide to its customers needs to be articulated.

The central agencies will back Statistics NZ to grasp this opportunity and ensure that our data eco-system is strengthened to support government make the best decisions for New Zealanders. We will do this by:

- endorsing and supporting a collaborative network leadership effort across government to ensure New Zealand has the information and data systems we need
- helping Statistics NZ to clarify the strategy it needs to successfully deliver its role within that framework
- supporting the cultural change needed, whether through our system-level view of leadership and talent management or our ongoing support to senior leaders to sustain progress

- leveraging our resources to support a customer-centric view, such as the continuous improvement model, will help Statistics NZ to embed the customer into their operating model
- setting expectations and holding Statistics NZ to account for the value it creates for New Zealanders; we need to be challenging but also realistic and we have a role in giving Statistics NZ the space and support it needs to succeed.

Iain Rennie State Services Commissioner	**Gabriel Makhlouf** Secretary to the Treasury	**Andrew Kibblewhite** Chief Executive, Department of the Prime Minister and Cabinet

SUMMARY OF RATINGS

Results

GOVERNMENT PRIORITIES	RATING
Modernise and transform Census	
Successful implementation of Statistics 2020 Te Kāpehu Whetū	
Build stakeholder confidence in key data and statistics	
Increase the value obtained from government data and statistics	

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Contribute to a more effective State sector		
Deliver statistical products and services to meet customer needs		
Manage data and information as a strategic asset		

Rating System

Strong	Well placed	Needing development	Weak	Unable to rate/not rated

Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Purpose, Vision and Strategy	
Leadership and Governance	
Values, Behaviour and Culture	
Structure, Roles and Responsibilities	
Review	

EXTERNAL RELATIONSHIPS	RATING
Engagement with Ministers	
Sector Contribution	
Collaboration and Partnerships with Stakeholders	
Experiences of the Public	

PEOPLE DEVELOPMENT	RATING
Leadership and Workforce Development	
Management of People Performance	
Engagement with Staff	

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Improving Efficiency and Effectiveness	
Financial Management	
Risk Management	

Rating System

Strong	Well placed	Needing development	Weak	Unable to rate/not rated

Note: There have been three significant upgrades to the PIF Agency Model since it was implemented in 2009. The first was the inclusion of the Four-year Excellence Horizon in October 2011. The second was the Strategic Financial Management upgrade in December 2012. The most recent is the Better Public Services upgrade in January 2014. These upgrades affect comparability with previous PIF reports. For more information on the upgrades see: http://www.ssc.govt.nz/pif-core-guide-1.

AGENCY CONTEXT

Statistics NZ is New Zealand's national statistical office. It is a Public Service department operating under the Statistics Act 1975 (the Act). The agency's legal purpose is to provide trusted Official Statistics and information to support decision-making by New Zealand's public and private sector organisations and to help New Zealanders gain an "appreciation of economic, social, demographic, and other matters of interest"[3]. Statistics NZ leads the Official Statistics System and is a major producer of Official Statistics for New Zealand.

The Government Statistician, who is also the chief executive of Statistics NZ, has a legally mandated role to coordinate statistical activity across government. This role was first established by statute in 1910, though the collection of data and production of national statistics predates that statute. The current Act reinforces the independence of the Government Statistician in making decisions about the procedures and methods for production of statistics by Statistics NZ, as well as the timing and nature of publication of those statistics.

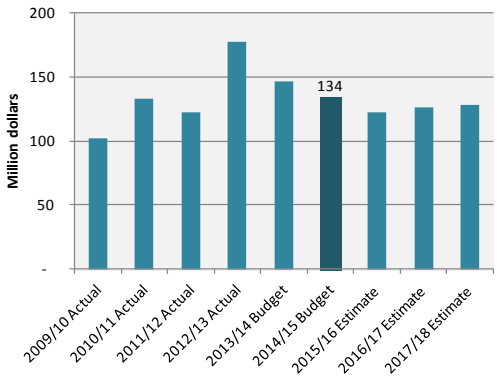
Statistics NZ provides the following products and services:

- policy advice and reports to the Minister of Statistics, including on the Tier 1 Statistics
- advice to government departments and others on statistical methods and standards and capability building services
- publication of population, social, labour force, economic and business statistics
- publication of government and international accounts statistics
- the five-yearly census of populations and dwellings
- customised datasets and related advisory services.

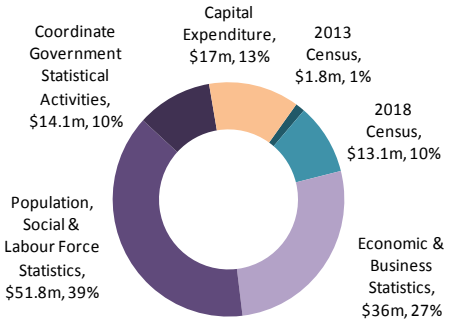
As at June 2014, Statistics NZ employed around 900 staff (860 FTEs); 53% are in Wellington, around 20% in each of Auckland and Christchurch, with field interviewers based across New Zealand. This is below the headcount for the last two years, following completion of the 2013 Census and efficiencies realised this year as a result of replacement of some key legacy systems (Tranche 1 of the Stats 2020 transformation programme) and a restructuring of corporate services.

Statistics NZ has one Vote ($134 million for 2014/2015). Its departmental appropriation fluctuates over the five year cycle of census-taking and in recent years owing to multi-year funding for Stats 2020 and to further develop the IDI[4].

Vote Statistics – budget trend



2014/15 departmental appropriation - $133.8 million



3 Extract from section 3(1) Statistics Act 1975

4 See Government Priority: *Increase the value obtained from government data and* statistics, for further information

THE PERFORMANCE IMPROVEMENT STORY SO FAR

This is the second PIF Review for Statistics NZ; the first was undertaken in 2011. At that time Statistics NZ was developing Stats 2020, after Budget approval of this ten-year transformation programme to bring Statistics NZ onto a sustainable footing by replacing legacy IT systems, standardising statistical production systems and increasing the use of administrative data.

In 2010/2011 Statistics NZ had been severely affected by the Christchurch earthquakes, including having to find new office premises and support 20% of its staff as they dealt (and continue to deal) with the trauma, property damage and dislocation caused in the city. Two days after the February 2011 earthquake the Government Statistician made the call to postpone the Census planned for the following month.

The recommendations of the 2011 PIF Review were:

- get early agreement to the specific milestones and funding triggers for Stats 2020 and break the ten-year transformation programme down into well defined steps on time horizons of about three years or so
- flesh out the vision for Stats 2020 in detail. As part of this set out a vision and the practical implications for the leadership role of the Official Statistics System
- determine to 'ace' the engagements with the Ministers and their advisors around forthcoming Cabinet decisions
- strengthen the HR, IT and finance functions to provide timely management information, risk assessments, options, scenarios and technical and advisory support to the Board on upcoming major decisions affecting Stats 2020
- take early action to get squarely on top of the remuneration strategy, both in the short term and as a key component of broader workforce change longer term
- use the governance structures and processes to ensure that in monitoring the large number of detailed projects under way overall coherence and drive to the strategic vision is maintained
- acknowledge that the team is not seasoned in this kind of fundamental transformation and may not always know what it does not know; work methodically to build its change management capability in all its facets, e.g., embed a performance-based culture through the various management systems
- build into the management, advanced and robust methods for managing assets, liabilities and budgets.

RESULTS SECTION

Part One: Delivery of Government Priorities

This section reviews the agency's ability to deliver on its strategic priorities agreed with the Government. While the questions are ex-post and guide Lead Reviewers to retrospective and current performance the final judgements and ratings are necessarily informed by scope and scale of the performance challenge.

Government priority 1: Modernise and transform Census
Performance Rating: **Well placed**

New Zealand's first official census was conducted in 1851. The conduct of a regular census of population and dwellings has been a core part of the statutory role of the Government Statistician since the early 1900's. Statistics NZ has a well-earned reputation for the high level of coverage and quality of the five-yearly Census.

In 2011 Statistics NZ embarked on a multi-phase project, over at least the next two Census cycles, to modernise (by 2018) and transform (post 2018) how the census is conducted and reduce the average total census costs, while improving timeliness and maintaining quality.

The agency is well-positioned to undertake this modernisation and transformation programme, owing to its existing capability in statistical methodologies and management, its deep knowledge and success in planning and running the Census and risk management approaches such as scheduled dress rehearsals. Statistics NZ is in regular contact with other national statistical offices that are using or trialling different approaches to conducting national census to learn from their experiences. Early developments give further confidence:

- In 2006 Statistics NZ had introduced the option to complete Census forms on-line as an alternative to using the form delivered to households, and in the 2013 Census, 34% of all forms were completed online. The 2013 Census also included a trial of a new collection method involving mailed-out internet access codes rather than delivery of forms by a collector. Statistics NZ found the results from these new approaches to collection were sufficiently promising to warrant further development for the 2018 Census.
- Statistics NZ has completed high-level design and detailed business requirements for a new enterprise collections platform that will be part of Tranche 2 of Stats 2020 and used for Census 2018. This will replace the current legacy Census collection platform, which is hard-coded and drives less efficient collection methods.
- Statistics NZ is working with LINZ to develop a comprehensive address register, to be constructed from administrative data and used for multiple purposes, including Census.
- New online options for public access to Statistics NZ's datasets via its website, NZ.Stat, will be used to develop web-based tools to access Census datasets.
- In 2014 Statistics NZ secured Cabinet approval for its detailed business case and the necessary multi-year appropriation to modernise the 2018 Census and continue the work programme focusing on census transformation.

- Staff with substantial experience in census management have been appointed in key governance and management roles for Census 2018.
- Statistics NZ has published a series of papers since 2011 covering social and population statistics architecture, use and integration of administrative datasets and options for census transformation. These have generated a consultation stream and sufficient interest around the public sector and amongst academics to establish a reference/advisory group to further progress thinking on census transformation.

There are considerable opportunities for Statistics NZ to further expand the use of administrative datasets for the transformation phase, currently planned for beyond 2018. Technology developments are occurring so fast that Statistics NZ needs to be alert to how it can harness this power early to continue streamlining the census process while retaining the rigour and breadth needed.

Government priority 2: Successful implementation of Statistics 2020 Te Kāpehu Whetū

Performance Rating: **Needing development**

Stats 2020 is an ambitious and longer-term modernisation programme. It was designed to replace a number of ageing legacy IT systems which were a risk to the ongoing work of Statistics NZ, develop the role of Statistics NZ as the system leader for the Official Statistics System and position Statistics NZ as the State sector lead for the consolidation of administrative data. Stats 2020 supports the delivery of four strategic priorities:

- leading the Official Statistics System
- transforming delivery
- obtaining more value from Official Statistics
- building a sustainable organisation.

The Government is expecting to obtain value from its ten-year investment in Statistics NZ, and that value needs to be realised in a timely way. As with any programme of this size, understandably there was much greater certainty of what was to be achieved in the first tranche of work compared to later years. Although Tranche 1 has been mostly delivered, the planned savings were generated but not immediately secured. Other work undertaken during the last year, to re-balance, re-baseline and re-group activities in Statistics NZ, meant that savings targets were ultimately exceeded.

As part of Tranche 1, new platforms have been built to replace many of the agency's legacy systems but the final step of decommissioning older systems has not happened in all cases. These new platforms have enabled production to be stabilised, with corresponding improvements in quality, accuracy and timeliness.

Stats 2020 gained a lot of attention within Statistics NZ and we heard that the general approach for achieving approval of a project requiring funding, was to fit it under the Stats 2020 umbrella, even though the project may not originally have been planned as part of the Stats 2020 programme. We also heard that many of the governance and management disciplines required for a programme of this size and complexity were either not in place or not fully understood, including ensuring how and when benefits would be realised. Steps have been taken to address this with the appointment of a very experienced Chief Technology Officer, as well as a new and experienced leader for an Enterprise Programme Office. There is also now a stronger Enterprise Architecture role in place.

Careful attention is currently being given to what needs to be delivered in Tranche 2 and later releases of Stats 2020. Statistics NZ must be disciplined now and redefine the remaining priorities within Stats 2020 as part of its long-term infrastructural investment plan. This work needs to be separate from other organisational projects and its ongoing asset maintenance programme. Having done this, Statistics NZ would then benefit from integrating Stats 2020 into its core strategy, including relevant phases of its infrastructural investment plan in successive Four-year Plans, rather than remaining as a distinct programme that risks sitting outside strategic organisational priorities. As with other areas, the ELT will need to prioritise the remaining Stats 2020 work programme and carefully choose the key initiatives that are more important and urgent. Some things may need to be set aside in the short-term. This will require understanding and support from the central agencies.

Government priority 3: Build stakeholder confidence in key data and statistics

Performance Rating: **Strong**

As the guardian of the Official Statistics System, Statistics NZ has an appropriately strong brand and is highly regarded for its core statistical work. It is respected internationally and domestically and leading commentators told us they know they can always rely upon the Tier 1 and other statistical work undertaken by the agency.

The Government Statistician has statutory independence in respect of a number of Statistics NZ activities and appears to have managed this well. Confidence in the independence of the role of the Government Statistician is important to retain stakeholder confidence in key data and statistics.

As noted, the work completed in Tranche 1 of Stats 2020 has stabilised some of the systems used by Statistics NZ. This has reduced the risk related to the ongoing production of reliable Official Statistics and has maintained and likely built stakeholder confidence.

In recent times Statistics NZ has strengthened relationships with several key stakeholders including The Treasury and the Reserve Bank, which has further enhanced confidence.

It is important for New Zealand that the key economic statistics produced by Statistics NZ are trusted. While acknowledging this, several commentators believe timeliness could be given greater consideration, without compromising accuracy. For example, since the late 1990's there has been no material improvement in how quickly GDP series are published, despite improvements in collection methods and the wider use of technology.

Increasingly, administrative data will be used by Statistics NZ to underpin its key statistical work. In Statistics NZ's newly defined broader role in data, it must still ensure that the brand attached to key economic and other statistical products retains its status. This will require a careful approach and will be dependent on the newly defined robust operating model with differentiated services being developed and implemented.

Many commentators said they are able to access the right people who are very helpful and in particular, one commentator said there are a lot of "very smart experts in Statistics NZ who know their subject areas very well". It is more difficult for others who do not deal with Statistics NZ as frequently and sometimes find it hard to find the right person. However, we were told that Statistics NZ employees are always willing to help direct enquiries to the appropriate area. We discuss this later in this report.

The already good position regarding stakeholder confidence in key data and statistics needs to be protected and there are opportunities to further build this confidence. For example, ongoing strengthening of relationships with stakeholders is warranted, as is deepening and widening the understanding of commentators and academia about Statistics NZ's work.

Government priority 4: Increase the value obtained from government data and statistics

Performance Rating: **Well placed**

Ministers understand the value of the strategic information assets held by Statistics NZ and are keen to see the agency maximise the value from those assets for public benefit.

They consider Statistics New Zealand has a fantastic generational opportunity to change from just accumulating and publishing data and statistics to showing other government agencies how to use data, including incomplete data, to support better decision-making by the Government. There is a limited window for Statistics NZ to realise this opportunity.

Statistics NZ has been active in seeking new ways to increase value from government data and statistics. A recent example of progress was the establishment of the IDI. Statistics NZ's work on the IDI shows potential but Ministers believe the agency could go faster and further.

The IDI links a number of anonymised datasets, which include economic, education, justice, health and safety, migration, tenancy and business data. Several agencies have approved researchers who use Statistics NZ's microdata access service to answer a wide range of research, policy and evaluation questions. This has been an important development; it was described to us as "world-leading". It built upon earlier work and the number of datasets has increased from 18 in 2012 to 31 in 2014.

Statistics NZ has also been focused on Tier 1 Statistics that are the most important for understanding how New Zealand is performing. Tier 1 Statistics are essential for critical decision-making, are of high public interest and need to meet international statistical obligations as well as allowing international comparisons. In August 2012, Cabinet approval was achieved for a wider range of Tier 1 Statistics. Statistics NZ will continue to review the key Tier 1 Statistics needed for the Official Statistics System. Another improvement is Statistics NZ now produces regional GDP, which we heard is useful for a number of researchers.

It was common for us to hear public servants and other stakeholders stating how good the people in Statistics NZ are to work with and that they are collaborative. It was said they "help us understand the data" and are responsive to approaches made, including as to how they can better manage, develop and understand their own key datasets or work with Statistics NZ's datasets. Accessibility has now improved, with access to microdata available through greater use of remote Data Labs. A number of universities and public sector organisations have this access.

Statistics NZ also took the lead on following up the work of the NZDFF. We heard many positive comments about the Chief Executive proactively stepping into a broader leadership role to develop joined-up advice to Ministers on the Government response to the recommendations made by NZDFF.

There have also been notable improvements in the reduction of compliance costs through the reuse of administrative data by Statistics NZ. Between 2002 and 2012 the number of businesses surveyed has reduced by 51% with further reductions planned. This was enabled by an 'administrative data first' approach, which has shown the benefit of questioning the need to collect new data if administrative data is already available and sufficiently robust. Statistics NZ is also trialling the collection of administrative data held by NGOs and this may allow further compliance cost reductions.

While there have been good improvements in increasing the value obtained from government data and statistics, this has not been carried out in a systemised way, and in some areas Statistics NZ's approach has been ad hoc. Further, Statistics NZ needs to develop a comprehensive set of indicators to measure the value it adds, with input from other agencies to ensure these indicators have a system-wide focus and application. This will not be easy and examples of value added should be identified and promoted. To achieve this, Statistics NZ's strong engagement with others will be necessary. The ELT is aware this area needs to be addressed to build on progress already made.

RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews the agency's effectiveness and efficiency in delivering its core business. While the questions are ex-post and guide Lead Reviewers to retrospective and current performance the final judgements and ratings are necessarily informed by the scope and scale of the performance challenge.

Core business 1: Contribute to a more effective State sector
Performance Rating (Effectiveness): **Well placed**
Performance Rating (Efficiency): **Needing development**

Statistics NZ's core business has been the delivery of Official Statistics and coordinating the Official Statistics System. It has gradually improved the range of its statistical products and has maintained high levels of quality. Given the now rapid growth in the opportunities afforded by the smart use of data and information, more is required of Statistics NZ so that its work can increasingly contribute to a more effective State sector. In short, what has enabled Statistics NZ to be successful in the past is not what will enable it to be successful in the future.

There is an important role for Statistics NZ to play in coordinating and, where necessary, driving the use of soundly-based evidence for policy development and operational delivery. It is pleasing therefore that we heard Statistics NZ has worked well with The Treasury to provide statistical input to enhance understanding of the Treasury's Living Standards Framework and there is now a very strong professional relationship between the two agencies. The leadership shown by Statistics NZ to take forward the work of NZDFF is another excellent example of Statistics NZ stepping up. There is also good evidence of how Statistics NZ has worked with stakeholders to minimise compliance costs, particularly for small business, by reducing surveys through the reuse of administrative data.

A more recent example of Statistics NZ's working towards achieving a more effective State sector is its work with the Ministry of the Environment to enhance environmental reporting. We were told that Statistics NZ has taken a strong and collaborative approach to this work.

Statistics NZ is not sure how to measure the efficiency of its work with other State sector organisations. However, it has been able to demonstrate a reduction in compliance costs for New Zealand businesses as a result of using administrative data supplied by Inland Revenue and some other agencies in replacement for data previously collected through surveys. In addition, over time initiatives such as the IDI are likely to help Statistics NZ identify efficiencies across government in collation and analysis of administrative data and in more efficient use of that data.

To be a modern and successful information agency, Statistics NZ needs to be able to effectively prioritise its work for the greatest benefit from the investment of its scarce, talented resources. This is critical and must be addressed, given the significant challenges ahead and the opportunities provided by the broader use of data in decision-making and, in particular, the use of Big Data. Real energy and drive is needed to develop a deeper understanding of how to measure the efficiency of this and other work. It will be important to prioritise.

Core business 2: Deliver statistical products and services to meet customer needs
Performance Rating (Effectiveness): **Needing development**
Performance Rating (Efficiency): **Needing development**

As noted already, Statistics NZ has a well-deserved reputation for producing a range of high quality statistical products and services for its customers. Standard and repeatable approaches are used to release products and web-based tools are used to disseminate data.

The Statistics NZ website has a wide range of data available. More detailed examination of specific datasets is facilitated by the agency. Customers commented on how helpful Statistics NZ employees are in assisting understanding of datasets.

As a result of a recent restructure, there is now one area focused on customer insights, analytics, research and delivery. Segments are used to explore customer needs and preferred delivery channels. This is a positive development but is at an early stage and more comprehensive and planned customer engagement is needed. Planning for this is under way.

A lot of the thinking to date has been based on what Statistics NZ understands and anticipates its customers want and need. A direct, open engagement with customers to fully test their actual information needs is necessary to test this. Typically when an organisation fully tests customer needs there are often surprises and insights that result in changes in priorities or direction.

One commentator stated that Statistics NZ also needs to better understand how people use data and that it has to be more innovative in how it presents data and information to make it easier to be used by customers with more limited analytical expertise. We agree.

A good example of the current challenges faced by Statistics NZ's customers is local government. There has not been a planned and structured engagement where Statistics NZ has met with all local authorities to test what data and information would be useful for their planning and other purposes and when they may need it. There is currently a key mismatch between the needs of local government and what Statistics NZ produces. For example, the Census is carried out every five years and Statistics NZ uses it to update long-term population forecasts. The mismatch occurs because local authorities must produce long-term plans every three years[5]. These plans include a minimum 10-year financial strategy and 30-year infrastructure strategy, for which local authorities need current population projections to identify likely changes in demand for services. The next reset of the long-term plans occurs in 2015. It was only recently that Statistics NZ took steps to ensure the required 2013 Census data and associated forecasts would be available in time. The more important issue is how Statistics NZ can work with local government to find ways of using other data and information to assist with population projections when Census data is not sufficiently current.

There have been some recent enhancements, with data provided in more visual forms, which have been welcomed by customers. The Statistics NZ website has a number of products where higher-level information is provided visually, which is easy to use and understand. Stats Maps is a good example, where easy-to-use information drawn from Census data is provided on a regional basis. This application is likely to be of interest to a broad range of users but, ironically, is sometimes not available if there are over 100 attempting to access it simultaneously.

5 Requirements under the Local Government Act 2002

Statistics NZ has a wide range of good quality data but we heard many comments about the difficulty faced by customers in finding and using the data on the website. Frequent users know where to find things and know the right people to contact, whereas others struggle. We were told that some organisations are "…making money because the Statistics NZ website is poor", taking Statistics NZ data into turning it into useful information for their customers. Publishing useful information for customers is to be encouraged but this should not happen largely because customers cannot find what they need on the Statistics NZ website.

Work is under way to reconsider the architecture and structure of the Statistics NZ website but there are limited funds to advance this work. This is a concern given the importance of the website as a key communication tool for Statistics NZ.

Given the current limited understanding and insight into the data and information needs of customers, Statistics NZ is not able to test and understand the effectiveness or efficiency of the products and services it provides to customers. In its PIF Self-review, the agency acknowledged that specific efficiency measures need to be enhanced and what measurement is available is dispersed and varied. It also acknowledges there needs to be a concerted and coordinated approach to address this problem.

Core business 3: Manage data and information as a strategic asset	
Performance Rating (Effectiveness): **Needing development**	
Performance Rating (Efficiency): **Needing development**	

As already noted, Statistics NZ's traditional role to facilitate awareness and use of statistical information is changing rapidly. For many years there was very limited access to the data and information held by Statistics NZ except for its own use for the production of datasets.

Statistics NZ holds a very valuable asset and, as suggested in the Four-year Excellence Horizon, data should be seen as a national strategic asset for the public management system and for the community. Statistics NZ has been good at what it has been asked to do and has made some good improvements with initiatives such as the IDI and expansion of the Tier 1 Statistics. Pleasingly, it has achieved this through working in partnership with other agencies.

In a world awash with data, there is some uncertainty about Statistics NZ's role. Yet it needs to play a leadership role in the use of data and information. Statistics NZ is starting to think through what this means as, increasingly, part of its role is to be a modern information agency. However, much more is needed and the pace of change needs to be driven hard, if Statistics NZ is to play a lead role in successfully managing data and information as a strategic asset for New Zealand.

Statistics NZ can rely on its reputation as a trusted advisor and supplier of Official Statistics to help others find new benefits from, and insights into, the use and reliability of different datasets. This will bump up against some of the areas that traditionally have made Statistics NZ a success where time was taken to ensure the absolute accuracy of data and publications. Pace and speed of analysis based on incomplete but robust data will be more the norm. Statistics NZ has started to apply its knowhow to integrate incomplete government datasets, enabling them to be used to assist decision-making, such as during the development of the IDI. However, it will also need to extend application of that knowhow to datasets available from the private sector.

Big Data is one area where Statistics NZ needs to understand developments and quickly think through where value can be added for the State, NGO and private sectors. The agency is following the developments of Big Data and working with other key agencies but what is needed is for Statistics NZ to be seen as the natural leader to whom others turn to understand what opportunities may be available and how to unlock the value from data assets.

Statistics NZ needs to develop an overarching strategy for data stewardship across the State sector aligned to the rapid developments in data and information and help others see the benefits available. This will also need to include implications for business, academia, NGOs and local government.

The rapid changes in management of data and information mean the expectations of Statistics NZ's stakeholders and customers are changing. It is a challenging and exciting time to work in an information agency and Statistics NZ needs to be actively involved in ensuring the greatest gains for New Zealand.

There have been some measures used by Statistics NZ to report on the quantity, quality and timeliness of its work but there are few specific efficiency measures of its activity related to the use of data as a strategic resource. Statistics NZ acknowledges this in its PIF Self-review and notes that a concerted and coordinated approach is required to address this problem. We agree.

ORGANISATIONAL MANAGEMENT SECTION

This section reviews the agency's organisational management. The questions focus on ex-ante and often guide Lead Reviewers to future and current performance. Final judgements and ratings are informed by the scope and scale of the performance challenge.

Part One: Leadership, Direction and Delivery

Purpose, Vision and Strategy

How well has the agency defined and articulated its purpose, vision and strategy to its staff and stakeholders?

How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?

Performance Rating: **Needing development**

Leadership and Governance

How well does the senior team provide collective leadership and direction to the agency?

Performance Rating: **Needing development**

Values, Behaviour and Culture

How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?

Performance Rating: **Weak**

Structure, Roles and Responsibilities

How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?

How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?

Performance Rating: **Needing development**

Review

How well does the agency encourage and use evaluative activity?

Performance Rating: **Well placed**

Purpose, vision and strategy

Statistics NZ has a strong history and excellent reputation (internationally and nationally) for delivering statistics that can be relied upon from data sources it manages, and processes or oversees. However, Statistics NZ's future role, beyond production of key statistics, needs to be clarified. At the time of this PIF Review, the agency was undertaking an internal Strategy Refresh to consider its future role, beyond its responsibilities as a producer of Official Statistics and the guardian of the Official Statistics System. While Statistics NZ now believes it has a stronger leadership role for New Zealand regarding data management and dissemination, the exact nature of this role is not yet clear. It has started to operate at the boundaries of its future role and has made some inroads such as the work to implement the IDI, the expansion of Tier 1 Statistics and the good work it undertook with The Treasury to support the Living Standards Framework.

Clarity is needed as there are a number of different articulations of its purpose, vision and strategy, including in the 2010-2020 Strategic Plan, the 2012-2017 Statement of Intent, and the Stats 2020 programme. Furthermore, Stats 2020 means different things to different people and Statistics NZ's leaders have recently been using a new description referring to Statistics NZ as 'an information agency in an information age'.

Statistics NZ's future role must be co-created with other entities, including the GCIO, LINZ, The Treasury and key stakeholders, such as the Reserve Bank of New Zealand. Statistics NZ's potential data and information leadership role and relationship with GCIO, LINZ and The Treasury are at an early stage of development. In particular, Statistics NZ needs to establish how it will maintain brand credibility as an independent, trusted supplier of Official Statistics and anonymised datasets, while working at the boundaries of 'openness' and with incomplete datasets (including data it does not control). This will require careful thorough execution of its new differentiated service operating model.

The ELT is aware that clarifying Statistics NZ's role must be addressed with urgency and that it must have a clear mandate and support from its key stakeholders, including Ministers, central agencies, GCIO and other key agencies. Staff must also be actively engaged during this important time of repositioning Statistics NZ and this is already happening.

As noted, central agency support is needed to integrate the Stats 2020 transformation programme into the new organisational purpose and strategy. Tranche 1 of Stats 2020 is delivered; this is principally an IT systems transformation that required operational and capital support. Statistics NZ must redefine what is still required, given the achievements of the first tranche, and build this into a rolling four-year system redevelopment plan. The agency must separate out ongoing maintenance and development projects from the large system transformation projects.

Leadership and governance

Statistics NZ had just completed a major restructure that enabled on-going operating costs to be reduced. At the time of this PIF Review a new simplified operational structure had recently been put in place and this is coming together well. The leadership potential in Tiers 1, 2 and 3 is strong with a combination of internal and external appointments. It is early days and the structure requires bedding down and integration. The membership of ELT is new and while they have the capability, coherence and a shared view of future challenges, they have not sufficiently prioritised the plan to move forward. They are aware of this. In addition, ELT will need to reach frontline managers to ensure they are aligned with the agency's vision and strategy and are motivated and empowered to contribute to its success.

The Chief Executive and ELT have strong visibility and accessibility internally. The Chief Executive is showing good leadership with her external colleagues and they have made particular note of this.

Values, behaviour and culture

Statistics NZ has a strong culture. There is much of value in the agency's current culture that needs to be recognised and aspects of this will need to be retained. The culture is built on deeply embedded principles of statistical excellence, integrity, confidentiality and data security. Some years ago the agency articulated these cornerstone principles as part of its values statement.

It actively endorsed three organisational values - leading, connecting and communicating - to underpin a more outwardly focused, system-oriented, proactive approach to Statistics NZ's traditional role. At the time there was an understanding that the agency could and should leverage better value for New Zealand from Official Statistics and the Official Statistics System.

The desired core behaviours to align with the values have been embedded in the performance management system. Some progress has been made in re-orienting the culture and many employees appear to understand the need for change and are eager to participate. However, the expected redefinition of Statistics NZ's purpose, vision and strategy will demand a much clearer and compelling interpretation of the values of leading, connecting and communicating and will challenge Statistics NZ to reinterpret how it applies its cornerstone principles.

Traditionally, Statistics NZ has taken a conservative approach to many aspects of its work and it will not be able to do this in the future. Its people will need to be much more proactive, agile and innovative in operating across government and in engaging with the private sector. They will also need to have stronger networking and relationship management skills and further develop their technical expertise. Statistics NZ will need to completely dismantle the siloed behaviour and ways of operating that had built up around specific product sets and customers over many years; the replacement of legacy IT systems and recent organisational restructure will assist this process. However, there is a gap between the existing and desired culture, with some lack of understanding of what should be retained and what needs to change. This is a potential impediment in enabling Statistics NZ to take an active leadership role for New Zealand in the fast-changing external environment.

Work programmes to develop the required leadership behaviours and culture were suspended over the last year, pending completion of organisational restructuring and re-development of the Workforce Strategy. At the time of this PIF Review, the ELT expected to test the values, cornerstone principles, behaviours and culture against the future strategy. This is a complex area for the ELT to navigate and, at the time, it was not clear how it would approach this. The necessary changes will be more profound than identified in previous strategies and will be linked to expected changes in customer demand, skills needed, brand reputation and many aspects of the operational arrangements in the future.

Aligning the culture of Statistics NZ to the future challenges will require drive, energy and strong ongoing commitment from the ELT and from other leaders within Statistics NZ. It will be too easy for some pockets of Statistics NZ to not engage and remain uncommitted to the changes and, if so, this will need to be identified and addressed.

Structure, roles and responsibility

While the new organisational structure is in place it is not fully bedded down. There are a number of new constructs that are yet to be tested. Internally and externally the new structure is not yet well understood.

The structure has been simplified and has the potential for clearer accountabilities but these are still being worked through. Further work will be required on structure once the purpose, vision and strategy are clarified, including testing where leadership responsibilities will sit for the provision of value-added data services for the State sector while continuing to provide Official Statistics. Budget implications for these changes will also need to be settled.

In addition, Statistics NZ has dismantled a number of external advisory committees and structures. At the time of this PIF Review, Statistics NZ had yet to determine how the important role of external 'critical friend' can best be delivered in future.

Review

Statistics NZ's PIF Self-review describes its statistical review as strong, and points to a need for improvement in its corporate-related review.

The nature of Statistics NZ's core activity, the production of Official Statistics, means it places a very high value on accuracy. Careful attention is paid to review and evaluation during the design phase of new or revised statistical tools and products. Statistics NZ seeks peer and technical review (both across government and internationally) of its design standards, classifications and blueprints.

Regular external reviews, Independent Quality Assurance and Gateway, occur for the two major business development programmes: Stats 2020 and Census. Statistics NZ demonstrated how it had positively responded to the latest Gateway recommendations for Census 2018.

Statistics NZ has developed a strong, risk-averse culture, with regular evaluation of programmes and of ongoing statistical production. However, the focus of review and evaluation appears to be more about improving accuracy and removing errors than on a more holistic approach. As an example, the accuracy and relevance of data feeding into the production of GDP and CPI statistics are regularly assessed and improved but much less attention is paid to reviewing the efficiency of data collection and other processes to reduce the time and cost to produce those statistics.

On the corporate side of the business, review and evaluation appear to be driven more by events than as part of a targeted programme.

Statistics NZ plans to become a more customer-focused agency. This should be used as a catalyst to take a more deliberate, holistic approach to review and evaluation across all aspects of its business. In particular, it needs to build in feedback loops to further develop the quality and value of its products and services and to drive overall business improvement. This, together with the need to operate within the existing appropriation, will help Statistics NZ in the drive to innovate and evolve the way it operates to meet its stakeholders' and customers' expectations.

ORGANISATIONAL MANAGEMENT

Part Two: External Relationships

Engagement with Ministers

How well does the agency provide advice and services to Ministers?

Performance Rating: **Needing development**

Sector Contribution

How effectively does the agency work across the sector?

Performance Rating: **Well placed**

Collaboration and Partnerships with Stakeholders

How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?

Performance Rating: **Needing development**

Experiences of the Public

How well does the agency understand customers' and citizens' satisfaction?

Performance Rating: **Needing development**

Engagement with Minister

Traditionally, Statistics NZ has needed to play a mature and sophisticated role with its Minister (and other Ministers) where its statutory independence is understood and protected. This of course does not mean that Statistics NZ should not actively engage with its Minister on strategic and operational issues and indeed the Minister of Statistics needs to be fully briefed and agree with strategies to implement Government priorities and core business. A good example of this would be progress in implementation of Stats 2020 and how this may be incorporated into a new vision and Four-year Plan. A further example is how Statistics NZ is planning to contribute to a more effective State sector through its contribution to Better Public Services and implementation of agreed recommendations from NZDFF.

Statistics NZ is building its relationship with its new Minister, and needs to ensure it provides advice in a way that works for the Minister.

Sector contribution

Statistics NZ recognises that its traditional role as leader of the Official Statistics System will be less relevant in an environment where Official Statistics is a small part of a much wider data and information environment. Although not part of a specific sector, Statistics NZ has increasingly contributed across the State sector and helped various agencies gain more from the data and information they and Statistics NZ holds. Statistics NZ is seen as a professional and approachable agency and this has improved a great deal over recent years.

Statistics NZ now works more closely with the GCIO and LINZ, given their common interest related to the use of information and data, but the agency's future role has yet to be articulated and agreed. For some time Statistics NZ and Inland Revenue have been working closely to make greater use of Inland Revenue data and Statistics NZ is now more involved with the Ministry for the Environment and The Treasury. Statistics NZ has responded positively to other approaches for assistance in managing and presenting relevant statistics.

These are all good developments but have not been carried out in a systematic way with a clear understanding of opportunities and priorities. More is now needed to build upon what has been achieved by Statistics NZ and this must be aligned to its defined future role.

Collaboration and partnership with stakeholders

Statistics NZ has opened up over recent years and has come out of its shell; this was the view expressed by a number of stakeholders and this change has been welcomed.

Simply stated, Statistics NZ cannot achieve what it needs to achieve for New Zealand unless it works closely and actively with stakeholders. There has traditionally been an approach adopted by Statistics NZ where ideas would be thought through and fully developed before stakeholders were engaged. This will not be a successful approach in the future even though it may have sometimes worked in the past. The likelihood of future success will be greatly enhanced if stakeholders are engaged early and frequently in the development of strategies, options and new products. A good example of this is the work undertaken with The Treasury to underpin the Living Standards Framework.

Statistics NZ has an ambition to be more customer-focused and collaborative and there are some examples where this has been achieved. The development of the IDI was based on working closely with a number of stakeholders and the work with business leaders to reduce the need to survey business through the reuse of data was viewed very favourably. Local government is now seen as a key stakeholder and early and increased engagement would be advantageous. This is discussed earlier in this report, see Core Business: *Deliver statistical products and services to meet customer needs*. Statistics NZ is rethinking how it can more effectively work with Māori and for Māori and redefining the role of its Māori Statistics Advisory Committee. There has been notable success in strengthening its relationship with Te Puni Kōkiri, to produce the 2013 Te Kupenga Survey, Statistics NZ's first survey of Māori well-being, as well as innovative work with the Federation of Māori Authorities[6].

Traditionally, Statistics NZ gathered data and information and published its analysis and thinking. It has had regular, well-planned engagements with media as a key stakeholder, and in recent years, has enriched these engagements by supplying infographics to aid interpretation of key data and trends in statistics. It has started to engage more broadly but must be more proactive in that engagement.

6 *Tatauranga Umanga Māori 2014* provides a summary of statistics about Māori authorities – using existing data collected by Statistics NZ, as part of a multi-year research project.

Statistics NZ staff will need to be skilled at collaboration and building strong relationships; the level of change in skills and approach should not be underestimated. This needs to be planned and structured with people supported to achieve the changes needed.

Experiences of the public

Statistics NZ's website is a key tool to interface with the community and, as noted, customers who are frequent users of Statistics NZ's data can find what they need on the website, less frequent users struggle. Statistics NZ needs to quickly understand what is working well and what aspects of its website need to be improved. More modern ways of providing access through user portals should be explored to better support its regular users and Statistics NZ should ensure its website is positioned to provide the services needed now and into the future. We also heard that difficulties in using the website are driving unproductive work for the agency's staff because of the frequency of users calling for assistance.

Although the agency has a strong brand based on trust and reliability of its people and products, Statistics NZ's role is not widely understood. People who work closely with Statistics NZ are well aware of what it does, whereas others are not so sure. Even new recruits to the agency said they knew little about it and what it does, before they applied for a job. They are now pleased to work in a good organisation and said they believe in the importance of Statistics NZ's work.

The public engages with the agency at the collection and dissemination phases of its work. The Census touches almost all New Zealanders but only once every five years, though the introduction of efficient online versions of the Census forms has made that task less onerous. Some citizens may need to complete a Statistics NZ survey but with the wider use of administrative data this is decreasing. Statistics NZ also recently used an online survey approach using the all-of-government log-in 'RealMe'. These are all positive developments.

As mentioned, the use of infographics to represent information released by Statistics NZ has had a positive impact and has led to better communication with the public, including of interesting and useful analysis of Census data. In particular, the infographic *New Zealand as a village of 100 people* was so lively and appealing it received widespread media coverage and activity in social media and drove increased traffic to Statistics NZ's website. This was a great example of making information about how New Zealand is changing very real for New Zealanders.

There are great opportunities for the public to be better informed, by presenting key statistics, such as the CPI or unemployment levels, in ways that are more relevant, accessible and with appropriate context. One example we were given was to put unemployment statistics alongside statistics about volunteer hours, childcare facilities and public transport to give a richer picture of communities.

The appetite for information is unlimited, of course, and the target audience huge. Statistics NZ will need to prioritise its efforts in improving experiences of the public.

ORGANISATIONAL MANAGEMENT

Part Three: People Development

Leadership and Workforce Development

How well does the agency develop its workforce (including its leadership)?

How well does the agency anticipate and respond to future capability requirements?

Performance rating: **Needing development**

Management of People Performance

How well does the agency encourage high performance and continuous improvement among its workforce?

How well does the agency deal with poor or inadequate performance?

Performance rating: **Needing development**

Engagement with Staff

How well does the agency manage its employee relations?

How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

Performance rating: **Needing development**

The ratings in the People Development section reflect the rapidly changing environment in which Statistics NZ is operating and the need to land the future vision, purpose and strategy and align and support its workforce to be able to operate in this new space. A number of people-related processes were not consistently well-supported through the past year of rapid change.

Leadership and workforce development

Statistics NZ developed a People Strategy and Workforce Transition Plan in 2011 to document required changes in human resource requirements and associated workforce development over the period of the Stats 2020 programme. The Workforce Transition Plan was updated annually to June 2013. It forecasts projected changes in skills mix and number of staff and reports on various leadership and workforce development programmes and initiatives. The People Strategy and Workforce Transition Plan focus on the modernisation and transformation of the agency's traditional role rather than an expansion or redefinition of its role.

The agency plans to update its People Strategy and Workforce Transition Plan in response the current Strategy Refresh. At the time of the PIF Review there was not an integrated and aligned people development programme in place to support the agency for the future.

Statistics NZ is renowned for its up-to-date technical, statistical capability within and outside the State sector. A particular risk for the agency is that there is a fast-growing demand around the world for skilled data and information management specialists. It can leverage its unique position in the

public management system to attract the talent it needs, but will need smart strategies to retain that talent in the face of offshore and private sector demand.

While there has been significant investment in leadership development in the past, these programmes and approaches need to be re-evaluated and realigned to fit future purpose. It is likely that career development pathways for staff, and especially frontline managers, will put emphasis on a broader range of skills and require explicit experiential development. Statistics NZ needs to excel in this area, as it needs to be a leader of capability related to data management, analysis and dissemination for, and collaboration across, the system.

Management of people performance

The agency has put in place a new remuneration system and performance management system. The latter has increased the visibility and potential ability to better measure performance management practice and capability across the agency. There is acknowledged variability in how well and often managers formally meet their staff to discuss performance and provide 'teaching moments'. There is a plan to lift leadership capability in this area through a formal first leaders development programme in the 2014/15 year.

Feedback from staff engagement and satisfaction surveys indicate that people do not feel poor performance is adequately addressed across the agency although there was anecdotal evidence that this has had more attention and is being better addressed now than in the past. The ability to manage poor performance effectively and to encourage staff to address skill gaps during the next phase of transforming the business is critical, as the agency looks to attract and retain high-performing staff and ensure they have the skills and behaviours required.

Engagement with staff

The results from the recently completed Pulse engagement survey became available during this PIF Review. These showed a marked drop in engagement from previously strong results. 83.6% of staff were either ambivalent or disengaged (compared to 75.2% in the 2013 survey and the State sector benchmark 2014 of 81.6%). These results were not unexpected, given the major, financially-driven, rapid restructuring undertaken immediately prior to the survey.

The level of ambivalence is significant but there is a real opportunity that needs to be acted on quickly, as we found staff to be very willing to engage on Statistics NZ's future strategy. They recognise both the agency's potential to add value and the need for change to remain relevant. Staff also volunteered that things were "improving by the day" supported by the Chief Executive's visible accessibility and leadership and the internal processes in place with the Strategy Refresh. This should continue to improve, if ELT moves quickly to: clarify the purpose and strategy; prioritise; maintain effective communication and take action, sharing quick wins with staff to demonstrate the forward momentum and support for staff. Significant uplift in staff engagement will be a prerequisite to achieving the ambitious but necessary repositioning of Statistics NZ.

There is room for Statistics NZ to improve its employment relations, with all parties acknowledging that a much better relationship should be possible, given the nature of the agency.

Human Resources provides coordination for health and safety management and has a dedicated senior administrator role. The agency conducts quarterly annual and regional Health and Safety meetings, which include a cross-section of employees. The agency is primarily an office-based one, although the field interviewers are a core area of concern from a health and safety perspective. There is a health and safety component to all new job descriptions. ELT discuss health and safety issues at its weekly meeting.

ORGANISATIONAL MANAGEMENT

Part Four: Financial and Resource Management

Asset Management

How does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?

Performance Rating: **Needing development**

Information Management

How well does the agency manage and use information as a strategic asset?

Performance Rating: **Needing development**

Improving Efficiency and Effectiveness

How robust are the processes in place to identify and make efficiency improvements?

How well does the agency evaluate service delivery options?

Performance Rating: **Weak**

Financial Management

How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?

Performance Rating: **Needing development**

Risk Management

How well does the agency manage its risks and risks to the Crown?

Performance Rating: **Weak**

Asset management

Statistics NZ established a detailed Asset Management Plan, policies and processes as part of Stats 2020. It was signed off in 2013. It describes the state of the agency's assets and a plan to move towards best practice asset management. It covers the following assets: buildings and fixtures; IT hardware; purchased software; and in-house built platforms, tools and services.

The Plan lists and records values for the assets as at June 2013 and documents lifecycle management for each group of assets, however some of the information is now out-of-date as Statistics NZ noted the project to implement the Plan was put on hold in October 2013 owing to resource constraints and competing priorities. A number of improvements in asset management identified during the

2013 financial audit have yet to be actioned.

The Plan does not cover the Crown assets that Statistics NZ manages, such as its statistical datasets and any intellectual property. However, see further notes under Core Business: *Manage data and information as a strategic asset* and the section: *Information Management*.

The key risk for Statistics NZ is its legacy systems, and the plans to replace those systems have been partially completed through Tranche 1 of Stats 2020 (see further comments under Government Priority: *Successful implementation of Statistics 2020 Te Kāpehu Whetū*).

Information management

Statistics NZ aims to publish as much information as possible and there are robust and well-developed practices for maintaining trust and confidence in the privacy and confidentiality of the data it holds and publishes. Data accessible through the IDI or available through remote access is anonymised and there are strict practices relating to who can access particular data and information.

With the rapidly growing use and availability of data there will always be a need for Statistics NZ to exercise some caution in the way it publishes information. It needs to ensure that its published information cannot be linked with other publically available information that may result in the identification of individuals or businesses. The agency is aware of this risk and the need to keep a strong focus on this area.

Security is also a high priority for Statistics NZ and steps are continually taken to enhance the practices to adhere to up-to-date security policies. We did hear from some staff that security is at a very high level and this can make it difficult to do their work. They believe the systems they use to do their jobs are clunky and high-security requirements for internal users make this even more difficult. Some also compared the security practices in Statistics NZ to that of other organisations they have worked in; in their view the security requirements in the agency are unnecessarily high. We did not fully explore this but it may be worthwhile to explain to staff why security measures and practices are in place, and actively review these as system developments occur.

Governance and capability related to information management has been an aspect of Statistics NZ's core business for many years. It does appreciate the value of the information it collects and, as noted, has taken positive steps to make this more accessible.

Statistics NZ is also currently implementing the recommendations of the Cabinet paper *Analysis for Outcomes: Better Use of Data to Improve Outcomes* by providing enhanced analytics capability to government.

The move to a customer-centric approach will challenge the agency's information management practices. It will cause Statistics NZ to re-evaluate the information it collects, and how it manages and publishes information to maximise its strategic value and improve public services, while maintaining privacy and confidentiality. The work with the Federation of Māori Authorities is an example of the untapped potential in the existing data and information collected by the agency.

Statistics NZ will need to adapt its governance and capability related to information management as it develops collective 'network' leadership with other key agencies to unlock the value of New Zealand's strategic information assets. This is a complex challenge, requiring innovative approaches to governance, resource allocation, prioritisation, methodologies, standards, accountability and risk management. There may be opportunities to explore some of these issues as Statistics NZ leads the response to the NZDFF's recommendations.

Statistics NZ is not as well-placed as it ought to be, to realise value from its financial and business

information to lower costs and provide higher-quality services. Its PIF Self-review stated that systemic use of performance information is not embedded across the agency and in many cases the information is fragmented and difficult to extract. It expects to address this issue, including through improving its financial management information system.

Improving efficiency and effectiveness

Statistics NZ has been trapped by a desire for excellence compared to driving for efficiency and achieving greater value for money. Limited metrics are available to measure efficiency and effectiveness.

Stats 2020 has initially been focused on laying the foundations for change and the delivery of Tranche 1 has enabled a number of risks to be mitigated. The scale of this initiative has likely resulted in other necessary improvements being delayed. An example is Statistics NZ still uses Lotus Notes as its key suite of products for staff to access the intranet, prepare and file documents, draft emails and action their work. The staff we spoke to find this system very frustrating and difficult to use. We were told that there have been plans to replace Lotus Notes for some years and while this is now under way the full project may not be completed until 2016 owing to the complex inter-relationship of the desk-top software.

There has been some automation of certain work areas with rationalisation and standardisation of approaches used to gather and process survey information. However, the complexity, siloed nature and lack of transparency of many processes make it very difficult for Statistics NZ to demonstrate value for money. As noted, Statistics NZ does not have any efficiency measures for several parts of its core business.

There has been some good work to improve the efficiency of collection activities through the use of continuous improvement processes, such as Kaizen, but improvements are largely within teams. While encouraging teams to improve their processes is commendable, there are likely to be bigger gains through prioritising efforts on end-to-end processes across teams and with other agencies that can be improved, automated or even eliminated.

We were surprised to learn of the limited mobile technology available to field interviewers. Field collection work is still a mixture of laptop and paper-based systems. Most personal (household) interviews are done using laptops. Business surveys, the bulk of the Census and retail prices information from supermarkets, are still collected on paper, then centrally scanned and checked for veracity. The work of the Contact Centre in Auckland is predominantly outbound calling, i.e., phoning people to encourage them to fill out their forms for business surveys and phoning Household Labour Force Survey respondents to complete their questionnaires over the phone. Statistics NZ expects to progressively automate or replace these manual data collection methods with greater use of administrative data, and online surveys and with improved technology for field interviewers.

Statistics NZ is well aware of the changes needed to demonstrate ongoing improvement in value for money. As is the case with other areas, priorities need to be determined and improvements driven hard.

Financial management

Statistics NZ successfully dealt with a very concerning projected overspend during the year ended 30 June 2014 and is now on the path to lift its financial management practices. A new Chief Financial Officer (CFO) has been appointed and the deficiencies in planning, directing and controlling financial

resources and an overly complicated, project-based approach to financial management are being addressed. The new ELT is paying close attention to the implementation of the changes, which must be bedded down quickly, with the focus shifting to use of financial information to make strategic choices and better drive efficiency and effectiveness of output delivery.

The CFO and the ELT will also need to ensure the finance function helps Statistics NZ to strategically understand and manage medium- to long-term financial pressures. The CFO already has a good grasp of the longer term financial challenges and the ELT is aware that changes will be needed to achieve further efficiencies and savings.

Much more needs to be done but there is a strong determination to make the necessary improvements.

Risk management

Statistics NZ has a risk management framework that needs to be updated in a number of respects. There is an Audit and Risk Committee that meets three to four times a year. It has an independent chair and several independent members as well as two members from the ELT. The Chief Executive also attends meetings. There does not appear to be a formal process to refresh the Audit and Risk Committee with some independent members having served for a considerable number of years. It may be opportune to review the membership of the Committee in light of the redefined role for Statistics NZ.

We were advised that the current risk register is out of date but the ELT has regularly reviewed enterprise risks and what mitigations are planned or in place. The risk appetite of the agency is also discussed regularly.

There is currently no strong alignment between the risk management framework, project risks and business-as-usual activity, but this is also being addressed. Moreover, risk management is not systematically used by senior leaders to understand and improve operational performance, to inform strategy development and influence prioritisation and investment decisions.

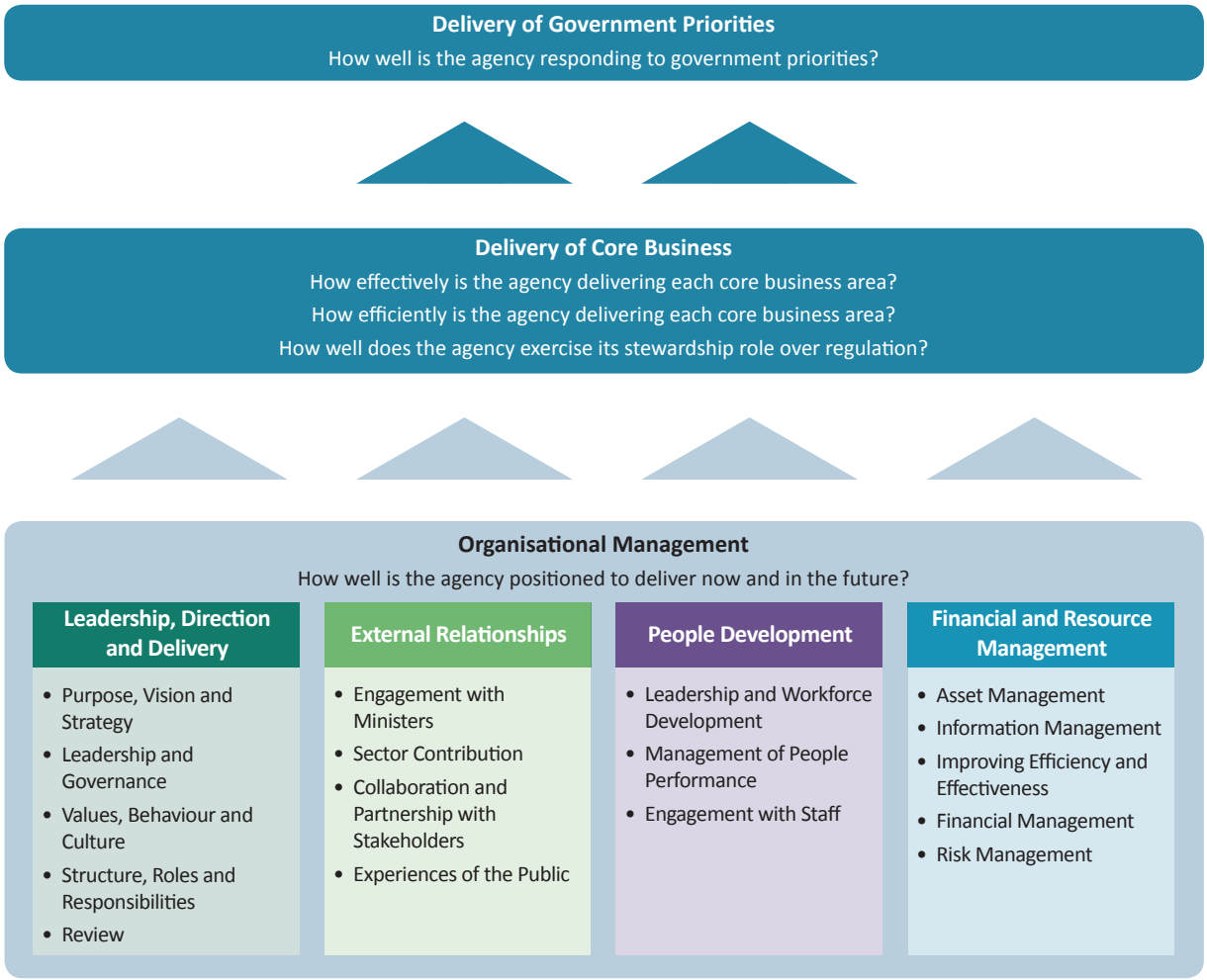
Crown Risk is reported as being well understood although this needs to be incorporated into the risk management framework refresh. It is clear that many improvements are required to the risk management practices of Statistics NZ. The Chief Executive and ELT are well aware of this and have plans to address the issues outlined.

More importantly, the agency will need to refine its approach to risk management with a differential risk appetite to match its differential service model. For example, a low risk appetite is appropriate for production of Official Statistics, a higher risk appetite will be relevant, especially in relation to the use of incomplete datasets.

The ELT needs to ensure it is focused on management of the strategic risks for the agency.

APPENDIX A

Overview of the Model



Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well is the agency responding to government priorities?
Core Business	2. How effectively is the agency delivering each core business area? 3. How efficiently is the agency delivering each core business area? 4. How well does the agency exercise its stewardship role over regulation?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Purpose, Vision and Strategy	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership and Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the Board lead the Crown entity? (For Crown entities only)
	Values, Behaviour and Culture	9. How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?
	Structure, Roles and Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency encourage and use evaluative activity?
External Relationships	Engagement with Ministers	13. How well does the agency provide advice and services to Ministers?
	Sector Contribution	14. How effectively does the agency work across the sector?
	Collaboration and Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency understand customers and citizens' satisfaction?
People Development	Leadership and Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?
	Information Management	24. How well does the agency manage and use information as a strategic asset?
	Improving Efficiency and Effectiveness	25. How robust are the processes in place to identify and make efficiency improvements? 26. How well does the agency evaluate service delivery options?
	Financial Management	27. How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?
	Risk Management	28. How well does the agency identify and manage agency and Crown risk?

APPENDIX B

List of Interviews

This review was informed by input provided by a number of staff of Statistics New Zealand, relevant Ministers, and by representatives from the following businesses, organisations and agencies.

Agency/Organisation
Audit and Risk Management Committee for Statistics New Zealand
Audit New Zealand
Business New Zealand
Central Statistics Office, Ireland
Christchurch City Council
Department of Internal Affairs
Land Information New Zealand
Loyalty New Zealand
Ministry for the Environment
Ministry of Business, Innovation and Employment
Ministry of Education
Ministry of Social Development
New Zealand Data Futures Forum
New Zealand Institute of Economic Research
New Zealand Māori Tourism Council
New Zealand Productivity Commission
Reserve Bank of New Zealand
Te Puni Kōkiri
The New Zealand Public Service Association
The Salvation Army
The Treasury
The University of Waikato
Wiki New Zealand
Xero Limited

APPENDIX C

Glossary

CFO	Chief Financial Officer
CPI	Consumer Price Index
Data Lab	Data Lab provides secure access to anonymised microdata for research
DIA	Department of Internal Affairs
ELT	Executive Leadership Team
GCIO	Government Chief Information Officer
GDP	Gross Domestic Product
ICT	Information and communications technology
IDI	Integrated Data Infrastructure is a linked longitudinal dataset that covers an extended range of pathways and transitions information. The IDI allows for policy evaluation and research analysis and the production of statistical outputs on the transitions and outcomes of people. It currently includes economic, education, justice, health and safety, migration, tenancy and business data.
LINZ	Land Information New Zealand
NZDFF	New Zealand Data Futures Forum
NZ Stat	A free web tool for users to customise their own tables from Statistics NZ's datasets.
Official Statistics	All statistics produced by government departments and specified Crown entities: • statistical surveys as defined in the Statistics Act 1975 • administrative and registration records and other forms and papers the statistical analyses of which are published regularly
Official Statistics System	Official Statistics System is the government-wide system of policies, practices, processes, underlying data sources and people involved in producing and disseminating Official Statistics.
Stats 2020	Statistics 2020 Te Kāpehu Whetū
Tier 1 Statistics	Tier 1 Statistics are the most important statistics, essential to understand how well New Zealand is performing. Tier 1 Statistics: • are essential to critical decision-making • are of high public interest • meet expectations of impartiality and statistical quality • require long-term data continuity • allow international comparability • meet international statistical obligations.