

22 December 2021

Governance and Administration Select Committee
Parliament Buildings
Wellington

Dear Select Committee Members

Re: Data and Statistics Bill

1. Background

I am writing to you regarding the *Data and Statistics Bill* (referred to as "the Bill"). BusinessNZ views the official collection and reporting of statistics that relate to various aspects of New Zealand society as a key avenue in which the country can ensure it represents an effective democracy, correct decision making takes place, and accountability is had. Given the 1975 Act was designed for a paper-based environment that has not kept pace with modern legislation or data development, we strongly endorse a significant review and updating of the Act.

We believe the narrow focus on collecting data via statistical surveys has indeed resulted in insufficient tools for ensuring the supply and quality of administrative data used for producing official statistics. Therefore, in principle, we support steps towards:

- Enabling more effective system leadership and co-ordination;
- Strengthening and future-proofing the framework for collecting data for official statistics; and
- Modernising the framework for accessing data for research.

While the Bill focusses on a number of proposed amendments in relation to these matters, BusinessNZ believes the Committee needs to examine the breadth of a number of key provisions within the Bill for the long-term future of data and statistics in New Zealand.

We recognise that moving away from a prescribed list of classes of official statistics (as was provided in the original 1975 Statistics Act, or as in other jurisdictions such as the 2016 Australian Census and Statistics Regulation) has the benefit of allowing additional flexibility. However, the current definitions of “data” and “official statistics” (Section 6) and the authority to determine what data may be collected (Section 22) provide for an extremely broad data collection authority, including mandatory data collection, at the discretion of the Statistician.

Recommendation: That the Select Committee examine the breadth of a number of key provisions within the Bill for the long-term future of data and statistics in New Zealand.

2. Broad definitions/powers

Directing requests to those in the best position to provide it

BusinessNZ believes there needs to be greater clarification in the Bill so that requests for data are directed to those that are in the best position to provide it. We believe this is an important clarification with respect to the powers under Sections 23-26 and Section 57 of the Bill. Specifically, we submit that data collection requests (Section 23(1)(a)) and inspection powers (Section 57) should be directed only to those who own the relevant data. These should not be directed to individuals or organisations simply holding third-party data on somebody else's instructions.

As an example, if company A stores the data of company or agency B in its warehouse or in a data centre on the instruction of company or agency B, company A should not be the subject of a request for company or agency B's data. Instead, that request should be directed to company or agency B, which owns the data, and is best placed to provide access to that data.

Recommendation: That requests for data should be directed to owners of the relevant data as they are in the best position to provide it.

Section 57: Power of entry and inspection

In relation to the point above, Section 57 of the Bill outlines significant powers given to the Statistician, or employee of the Statistician, to enter any place of business and inspect any part of the premise, including goods that are stored or offered for sale, and any relevant records. From BusinessNZ's perspective, when combined with the broad definitions used in this Bill, this provision represents a considerable set of new powers given to StatisticsNZ around entry and inspection. Traditionally, the use of such powers in the public eye has typically been pointed towards the individual through the Census, given some people have openly refused to fill it in. Instead, these additional powers now point directly at the business community, which we believe will come as a surprise for many businesses.

Obviously, we would expect the use of such powers to be very rare, as we would assume StatisticsNZ would go through every collaborative avenue possible before

deciding to issue a search warrant. In addition, StatisticsNZ would need to carefully consider the actual business targeted compared with the weight of data/information that they would provide to official statistics. For instance, BusinessNZ would be very concerned if such powers were being used for relatively small businesses or for data/information that had little impact on the matters covered by an official release. Instead, we believe it should only be reserved for much larger businesses and where their data/information have a fundamental impact on key metrics, such as industry or region.

In addition, we believe StatisticsNZ needs to weigh up the use of such powers versus the potential reputational risk that would occur if it became common knowledge that they entered the grounds of a business through a search warrant. In circumstances like these, the simple threat of legislative powers as a first port of call does little to build long-term relationships with businesses that StatisticsNZ deems important enough to obtain data or other forms of information from.

Overall, we would want StatisticsNZ to consult and collaborate closely with industry and other stakeholders to ensure a common understanding of how the Act will be implemented. BusinessNZ would support clear measures and undertakings before the power of entry and inspection is used. This could include clear guidance material around expectations from business of data provision, one-on-one relationship building where representatives from both StatisticsNZ and business understand what is required of either party, and a clear policy pathway by StatisticsNZ that uses the power of entry and inspection in only the rarest of circumstances.

Recommendation: That StatisticsNZ introduce clear policies and processes to ensure the power of entry and inspection has a high threshold for being implemented.

3. Harnessing the power of private sector surveys/information releases

We strongly agree that StatisticsNZ should provide official statistics that ensures proper rigor in data analysis and release. However, at the same time it should also recognise that it cannot, from a statistical provision perspective, be everything to everyone.

BusinessNZ has long held the view that StatisticsNZ does not have to be the sole provider of statistics to increase our knowledge on various facets of New Zealand society. There are many instances where the regular collection of data and its subsequent information release by a private sector entity has provided key information for interested users that StatisticsNZ, or indeed the wider Government, simply have not been in a position to provide.

An example of this from our own perspective is the Performance of Manufacturing (PMI) and Performance of Services (PSI) surveys that BusinessNZ has been running on a monthly basis since 2002 and 2007 respectively. Both are surveys that focus on activity, in key areas such as production/sales, new orders/business, employment, delivery of raw materials/stocks and stocks. Over time these two surveys have been

regularly used across both the public and private sector as a key measure for around 72% of private sector GDP. The data from both surveys is also part of a global PMI and PSI, which tracks worldwide activity levels for two key industries in countries we typically compare ourselves with.

The key advantage of these two surveys is their timeliness, whereby they are in the field for one week, then results are released the next. If we were to compare this with say StatisticsNZ's Economic Survey of Manufacturing (ESM) that is released on a quarterly basis, by the time the ESM is released for the previous quarter, usually two further monthly results have already been released for the PMI.

The nimbleness and timeliness of private sector surveys like the PMI and PSI mean that the country as a whole is able to get a much faster understanding of the real-world outcomes of changes and/or shocks to the country. In recent years, natural disasters such as earthquakes and the current COVID-19 epidemic has put the importance of immediate data front and centre for policy makers. In fact, the timeliness of PMI data was viewed by StatisticsNZ as so important that it was used as one of the measures for the COVID-19 data portal, which reports on economic, environmental and social aspects of COVID-19's impact on New Zealand and its recovery.

Therefore, BusinessNZ would strongly support collaborative measures by StatisticsNZ that, where possible, make greater use of private sector surveys

Recommendation: StatisticsNZ considers private sector survey data as a viable alternative measure for statistical information.

4. A data and statistics Bill for all New Zealanders

As the Bill currently stands, we believe the discussion around inclusion portrays an imbalance between ethnicities. The Bill currently seeks to recognise the Crown's responsibility to consider and provide for Maori interests in data and statistics. However, if we are to examine this strategy through the population lens of the next 10+ years, it will be apparent that the full make-up of New Zealand's ethnicity needs to be factored in.

Based on StatisticsNZ's data on the ethnic share of New Zealand's population through to 2043, those who classify themselves as European will still make up around 2/3rds of all New Zealanders through to 2043. However, those who classify themselves as Asian will make up around one quarter of all New Zealanders by 2038, compared with one-fifth for Maori. In addition, Pacific Peoples will make up 10 percent by the same time period¹.

From our perspective, the Bill contains very little on how New Zealand's Pasifika people could be included in any future data consideration, and almost no mention of what data opportunities could be contemplated for New Zealand's growing Asian population.

¹ StatisticsNZ 'Ethnic share of New Zealand population – median projection 2018 – 2043'.

Increased recognition and responsibility lead to increased resources. Therefore, we are concerned that an over-emphasis on various forms of statistical data for just one ethnicity could be to the detriment of other statistical options that could better guide policies and programmes. Government resources are finite, so we would expect every taxpayer dollar spent towards providing statistics should have a robust policy framework that shows clear net benefits to the country as a whole, rather than producing statistics for the sake of it.

Overall, we believe an undue focus on just one ethnicity can create an inward-looking, rather than an outward-looking stance when seeking to raise our overall data and information position. Also, it risks missing opportunities elsewhere that would lift New Zealand's data pool of knowledge. Therefore, we believe a better balance across all New Zealanders is required within the Bill.

Recommendation: That the Bill properly takes into consideration the data needs and opportunities for all New Zealanders.

Thank you for the opportunity to submit on the Bill.

Kind regards,

A handwritten signature in black ink, appearing to be 'Kirk Hope', written in a cursive style.

Kirk Hope
Chief Executive
BusinessNZ