
**STATISTICS NEW ZEALAND
BUSINESS TRANSFORMATION
STRATEGY - CHARTER**

***“CREATING A NEW BUSINESS MODEL FOR A
NATIONAL STATISTICAL OFFICE OF THE 21ST”
CENTURY***

APRIL 2004

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Related Documents

Statistics New Zealand Information Strategy v3
 Statistics New Zealand Enterprise Architecture
 Statistics New Zealand Application Architecture Strategy 2004 - 2007
 Statistics New Zealand Information Framework (from Powerpoint presentation IMS Roadshow 2003)

High-level descriptions of other two major change initiatives – the Capability Programme and the Top Down Review.

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1. Introduction

In any country, official statistics are statistics produced by the government agencies of the country. They are fundamental to open government, as they provide a window on the work and performance of government itself. They show the scale of government activity in areas of public policy, and they allow citizens to assess the impact of public policies and actions. It is a government responsibility to provide such statistics and to maintain their long-term sustainability.

Official statistics are collected to inform debate, decision-making and research both within government and by the wider population. Without official statistics painting a picture of where a country is now, how could governments plan where the country should be heading? How could citizens assess the appropriateness of the path to be travelled? How could a country measure itself against other countries?

Official statistics provide the best measures of the present, as a point of reference for the future. They reduce uncertainty about the scope and shape of human and business activities, characteristics and trends. For such statistics to be trusted and used by governments, by citizens and by the international community, they must be of high quality (that is, objective, relevant, accurate and timely), as well as being equally and openly accessible to all.

The above, taken from the document *Statistics New Zealand's Statement of Intent. 2003 – 2004*, summarises the context within which Statistics New Zealand (Statistics NZ) has lead the definition of a statement of Sector Outcome. The Sector Outcome aims to set the broad picture (that is, the high-level result sought) such that other government departments that produce official statistics may contribute to it, and is expressed as:

Governments, businesses, communities and citizens use official statistics on New Zealand's economy, society and environment to inform debate, research and decision making.

This target outcome means that all official statistics, whether produced from statistical surveys or from the analysis of administrative data held by government agencies, need to:

- contribute to a comprehensive portfolio of official statistics covering New Zealand's economy, society and environment;
- be sufficiently timely, authoritative, reliable and relevant;
- be able to be used for informing debate, research and decision-making; and,
- be accessible by the widest possible range of users, namely, central and local government, businesses, communities and citizens.

Three intermediate outcomes have been agreed as the means by which the sector outcome will be realised. These three intermediate outcomes provide the context for the Statistics NZ Information Management Strategy – or to put it another way, Statistics NZ will not meet these outcomes without the effective information management disciplines and frameworks that this strategy sets out to create. The three intermediate outcomes are listed below.

Intermediate Outcome 1: Through the coordination of official statistics produced by itself and by other government agencies, Statistics New Zealand will ensure that the range of official statistics is user-relevant, objective, authoritative, responsive to emerging issues, and value for money.

Statistics NZ has identified a wide and varied range of stakeholder groups to whom it provides statistical products and services. The needs of those stakeholders are changing as government and

non-government clients become more sophisticated in the demands they place on Statistics NZ. One example is the increasing emphasis on evidence-based policy, with Agencies beginning to include, as part of their policy development process, a consideration of the statistical data that will need to be collected in future if the effectiveness of policy is to be evaluated.

Meeting this outcome requires Statistics NZ to identify new ways to address the needs that have been identified for improvements in the level of service it provides. It will become increasingly important to track the range of data being captured for different purposes, and to provide more and easier access to it – not simply in report form but as a range of data and information resources. Statistical services need to offer greater flexibility in how client needs are met and the ability to work collaboratively – both between different groups within Statistics NZ and within the wider statistical community in New Zealand and internationally.

Intermediate Outcome 2: New Zealanders willingly provide information to government agencies for official statistical purposes.

Meeting this outcome requires Statistics NZ to minimize the compliance burden on individuals, businesses and organisations, so that the right questions are asked of the right audience, and respondents are not required to invest unnecessary effort in providing the same data or information twice. Consequently Statistics NZ intends to increase reuse of administrative data as a primary source and increase the use of statistical data already collected, with a view to minimising the requirement for new surveys to be developed.

It also requires that Statistics NZ inspires confidence in all its sources, that the information and data provided from sources is treated in accordance with legal obligations – for example in relation to the Privacy Act, which limits Agencies' ability to use data for purposes other than those for which they were collected.

Intermediate Outcome 3: Official statistics are accessible by all.

Meeting this outcome requires Statistics NZ to recognize the different client groups who are the audience for statistical outputs, to be aware of their definition of "accessible" and to strive to deliver an appropriate range of outputs through appropriate channels in appropriate formats.

1.1. Three Strategic Change Initiatives

Statistics NZ has embarked upon three major change initiatives that will run in parallel to deliver the changes needed if these outcomes are to be met.

The Top Down Review is focused externally to the organisation itself, and aims to identify the leadership role Statistics NZ needs to play in the New Zealand public sector, and the profile the organisation will need to maintain if it is going to play that role effectively. The Top Down Review takes as its context the sector outcome and intermediate outcomes referred to above, and sets *strategic* priorities for the organisation going forward.

The Business model Transformation Strategy is focused on Statistics NZ business *processes and systems* including:

- the identification of a need for statistical output;
- the design and build of systems for meeting that need;
- the collection, processing and analysis of input data; and,
- the production and dissemination of output.

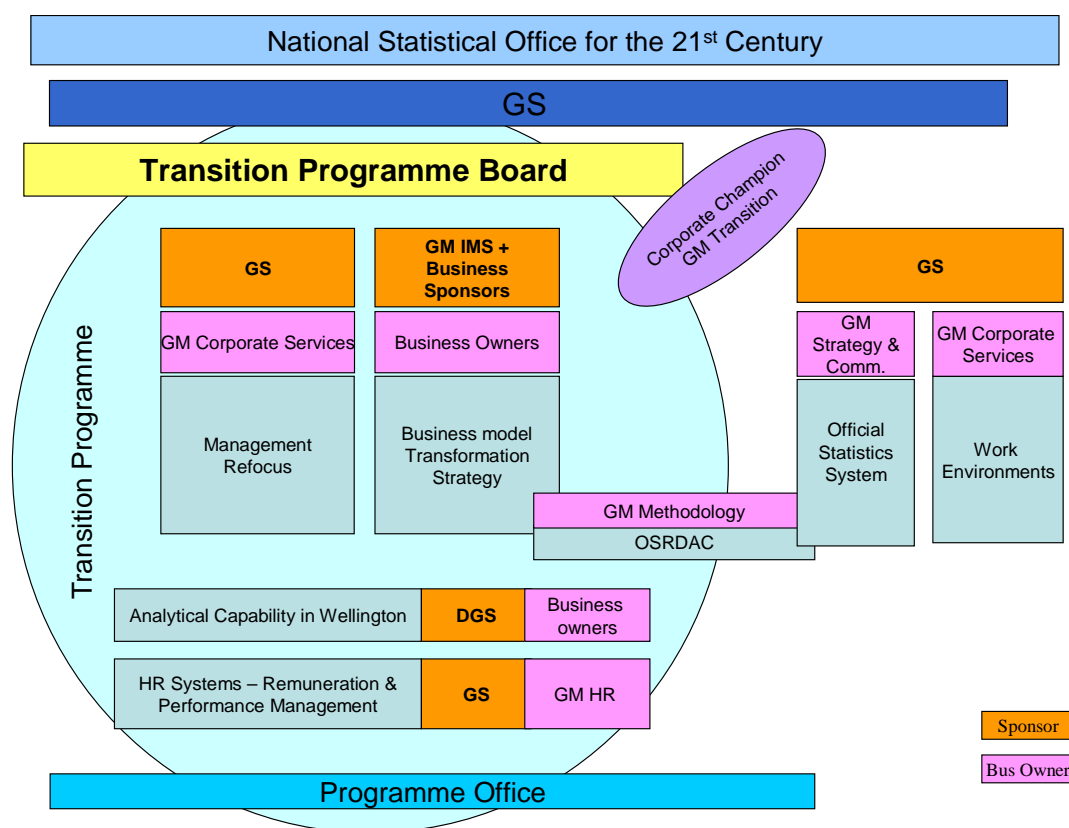
Its aim is to improve, streamline and standardise in order to optimise the Statistics NZ business model from end to end.

Statistics NZ is also undertaking a major change initiative to review organisation structure, and the capability of the organisation to deliver against future business needs. This initiative is radical in scope, and will involve:

- management restructuring;
- a new performance management approach;
- a new remuneration framework; and,
- a number of other *capability building* initiatives.

In addition, Statistics New Zealand will be moving to a new building in Wellington towards the end of 2005. This provides the opportunity to establish a work environment that supports Statistics New Zealand as an efficient high performing organisation.

The figure below shows how the three Strategic Change Initiatives are interrelated.



As each strategic change initiative progresses, it will be continuously monitored in terms of how it supports the others.

The Information Management Strategy described in this document must maintain an alignment with all three. It will facilitate the development of processes and systems to deliver on outcomes and priorities, at the same time, informing and driving the design and building of new capability and competency models for the future organisation.

1.2. Document Purpose

This document describes the Business model Transformation Strategy, and is intended for two key audiences.

Firstly, it is targeted at members of the Corporate Governance Group (CGG), or that sub-set of CGC members appointed to the governance board that will lead and monitor all major change programmes underway across Statistics NZ in the 3 year period from 1 July 2004 to 30 June 2007. Beyond that group, the document will be of interest to other managers and senior managers within the organisation who will be required to support and give effect to the changes that will be driven by the need to deliver the Strategy.

The second audience is the Business Solutions Team who, together with Programme Managers, will lead the Business model Transformation Strategy. They will own and maintain the document and use it as a basis for reporting to the governance board on the organisation's progress towards achieving the Strategy

The Strategy will consist of a series of programmes, plus a number of other workstreams running in parallel. However the purpose of this document is not to provide detailed terms of reference and planning documentation for each individual programme or workstream within the strategy. These are or will be produced by the relevant programme manager, and relevant documentation is/will be referenced above.

1.3. Document Lifecycle

This charter document will be finalised at the end of the initiation stage of the Business Transformation Strategy in June 2004. Over the period of March through May 2004 it is a "living" document that will be changed and refined to reflect the outcomes of the meetings, workshops and discussions that will form the initiation stage of the strategy. Making the updates and drafting new versions will be the responsibility of the Sponsor of the Business Transformation Strategy working with key stakeholders. The Transition Programme Board will sign off the Charter as the guiding document for the BTS going forward, giving it formal approval as a 'stake in the ground' at that point in time on behalf of the business as a whole.

2. Business model Transformation Strategy - Overview

2.1. Objectives of the Strategy

The objectives Statistics NZ has in undertaking the Business model Transformation Strategy can best be defined in terms of a number of hypotheses. These can be stated as:

Statistics NZ believes that it can provide a better service to all its stakeholders. This will be achieved by minimising the 'compliance burden' on respondents – through increasing the use of administrative data as a primary source (target is to achieve 50%, as opposed to current 20%), through finding new ways to reuse the richness of data already held, and through ensuring that new surveys are set up in a way that is not narrowly subject-specific, but rather with a view to reusing the data collected to meet a range of different needs.

Statistics NZ believes it can achieve operational excellence, providing optimum outputs and meeting or exceeding international comparisons within constraints of available funding, and without sacrificing either accuracy or timeliness. Over time this will allow for the introduction of innovative products and services to meet new needs.

Statistics NZ believes it can create a workplace that will attract enthusiastic, high-calibre staff and the working environment in which to retain them.

These hypotheses can be tested at regular, pre-determined intervals throughout the lifetime of the strategy, to ensure it continues to reinforce strategic direction and priorities.

2.2. Scope of the Strategy

One of the major outcomes of the Strategy will be the design and build of a "platform" on which future programmes and projects undertaken by Statistics NZ will be founded. The platform will include three key deliverables, namely:

1. A number of standard, generic end-to end processes for collection, analysis and dissemination of statistical data and information, which are applied consistently and with appropriate statistical methods across each subject area at Statistics NZ, whether the data is collected via a survey instrument or from an administrative data source.

This disciplined approach will cover the business process lifecycle – from identification of need through the design and build of a solution to meeting that need, to the collection, processing and analysis of statistical data and the dissemination of results in appropriate formats to appropriate audiences.

This will enable statisticians to focus on data quality and implemented best practice methods, and will permit better co-ordination between individuals and teams within the Agency, and more effective use of available resources. Freed from tedious, time-consuming re-invention of business processes and practices, each individual staff member will be able to focus on the specialist activities they perform to add maximum value to the organisation. The Business Transformation Strategy will ensure that eventually all programmes and projects are complying with the model.

2. A disciplined approach to data management, using a standard information lifecycle for all statistical data and information across the organisation. A single, consistent approach to data and information management will create a single, coherent input data store, and a single logical output data store from which statistical outputs can be disseminated in a range of formats and through a range of channels.

Furthermore it will provide transparency, so that users of statistical outputs can easily see the provenance of those outputs, and can exercise judgment, make informed comparisons between data sets, and place meaningful interpretations on results and trends. This will simplify and encourage collaboration both internally and externally.

3. An agreed enterprise-wide technical architecture as a framework for making systems design decisions, to ensure that systems solutions created to meet the needs of a particular business group are developed within the standards and disciplines imposed by the information strategy. A core, standard enterprise architecture will ensure that Statistics NZ is able to build up over time a portfolio of standard solutions and components, each one consistently documented at a business user and technical level.

The Information Management Strategy envisages that the enterprise architecture will be underpinned by a number of packaged solutions across the organisation, such that developers can focus on core statistical systems and system integration. This will provide a consistent look and feel for end users, and offer the organisation the benefit of future upgrades to packages.

2.3. Benefits to Statistics NZ in Undertaking the Business model Transformation Strategy

A successful strategy will deliver to Statistics NZ a number of benefits over the next 3 to 5 years, and provide a solid basis for growth and development beyond.

1. Creating the flexibility to respond to changes in users needs and demands, to make use of new data sources or methods and to provide a flexible range of information access methods;
2. Building a professional environment that creates a more satisfying working experience;
3. Reduce the time to design, build and process information sources, providing more time for the analytical and dissemination processes;
4. The ability to more easily match and confront data in order to increase the quality of Statistics NZ information;
5. Reduce the number of individual collections or the need for new collections to create new statistics;
6. Smaller number of larger projects that are more likely to have a real rate of return through the reuse of the investment in a number of business areas;
7. Reduce the maintenance cost of separate subject matter systems; and,
8. Allow Statistics NZ to provide standard information management tools and services for official statistical purposes.

Out of the strategy will also emerge a formal, visible governance and decision-making framework for making future investment decisions and design choices. The result will be that at key decision points, it will be possible to balance programme/project imperatives (the need to deliver specific results on time and within budget) against the longer-term needs of the wider organisation, and to resolve conflicts between the two.

The final benefit to the organisation from undertaking this strategy will be a formal, consistent programme/project governance and leadership model, tried and tested on the initial six programmes within the Strategy (see below), but carrying forward for future programmes and projects. The governance and leadership model will reflect the principles of the Statistics NZ governance paper,

and will ensure all programmes and projects start with clearly-defined responsibilities and accountabilities, and adhere to common standards for progress monitoring and reporting.

2.4. Success Criteria

The Strategy will be judged successful if, at the end of the three year period:

1. Major components of the new business model have been identified, solutions designed, and those solutions accepted by the organisation as the current best practice or best method;
2. Key components of the new business model have been implemented within the six pilot programmes;
3. A reduction in the operating cost to produce a statistical output (that are operating on a separate subject matter system) by between 10 – 20% after moving to the new business model.
4. A reduction of 50% in the investment (of time and money) required to implement the end to end processes and systems required for a new statistical output. (Note: reduction of 50% is the estimated benefit. This may be reviewed over the two month period concurrent to the benchmarking exercise)
5. Staff throughout Statistics NZ have a good understanding of the business solutions and business areas have assessed how the business solutions will impact their functions and business processes; and,
6. A high level plan to implement the business model across the remainder of Statistics NZ.

2.5. Risks to the Success of the Strategy

Each of the programmes outlined below will have its own risk register, and programme-level risks will be monitored as appropriate. The risks described here relate to the Business model Transformation Strategy, and will need to be monitored and reported at that level.

There is a risk that the organisation's focus on its three major change initiatives will distract staff from their "business as usual" tasks, with a consequent adverse effect on defined outcomes and outputs.

There is a risk that there will be contention for resources between this strategy and other capability initiatives in the Transformation Programme. By definition, both will want to hand-pick the best and brightest staff, so that the same small pool of key people will be required to contribute to both, at the same time as they are required to maintain business as usual.

There is a risk that individual programmes will define detailed, complex solutions that make it difficult to integrate into generalized, organisational solutions.

There is a risk that expectations on the BTS to deliver key components of the business model across the programmes and projects will not be met due to individual system solutions being adopted because of project or programme time and resource constraints prevailing over the BTS.

There is a risk that individuals will regard involvement in the strategy as a sideways move, in terms of their career ambitions, and will not volunteer or proactively seek to become involved. In contrast, staff not involved in the strategy will ignore what is being created for the future.

There is a risk that through poor communication of the different change initiatives staff will not understand what is happening and will lose interest in the change processes and the impact on their respective areas.

3. Statistics NZ Business Model

Statistics NZ recognizes that target outcomes cannot be effectively achieved using current business processes, systems and information management practices, and that change is needed. This position has been compounded by the significant increase in investment by government in new official statistics e.g. Business Performance (GIF), LEED, and the Social Statistics Programme.

The figure below summarises the target business model. It describes the six key stages of a statistical project – from the identification of a need at one end, through to the dissemination of statistical outputs to meet that need at the other. It highlights a number of key points for the future of information management.

The end to end business process. The skilled and experienced subject matter experts within Statistics NZ add maximum value at the early and in the later stages of this model, and in particular through their input to the statistical design and the analysis stages. However the current position is that, in many cases, the time spent on the basic capabilities and required in the early stages (identification of need, design and build of a model for how that need might be addressed, and the collection and processing of input data) and general data management absorb so much of the time available that insufficient time is left to do justice to analysis and dissemination.

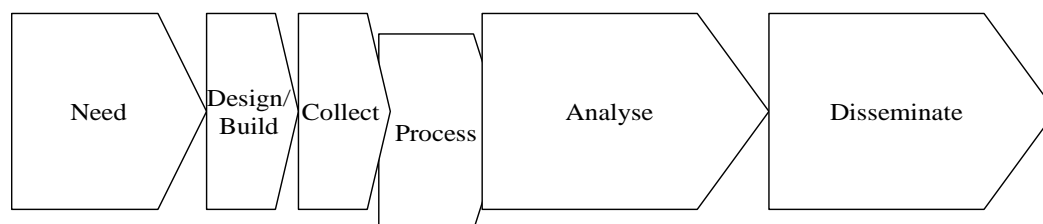
Statistics NZ will therefore optimise its use of scarce resources once the early stages have been rationalised, streamlined and standardised to the point where they can consistently be performed quickly and accurately, with maximum reuse of earlier work and minimum new development.

Data management. There is, at the present time, no single consistent approach to how data is captured, processed, stored in and output from Statistics NZ systems. Individual projects have adopted the approach that represents the best option at the time and in the specific context.

This causes problems for those trying to reuse the data subsequently, in that “process metadata” – which explains and gives meaning to the resulting statistical outputs – is implicit in the system design, and therefore not easily available. This in turn makes it difficult to reuse processed data, and to compare results from different systems.

Technical architecture. Wherever possible, programme-related development and investments should favour the development of enterprise-wide capabilities - this has far-reaching implications for the business, requiring a close cooperation between business owners and the IM group. Decisions on the most appropriate system solution, or component of a system solution, will need to take account not only of the requirements of the appropriate business unit, but of how that solution or component will interact with and support the architecture already in place or planned for the wider Statistics NZ.

Target Business Model for Statistics NZ:



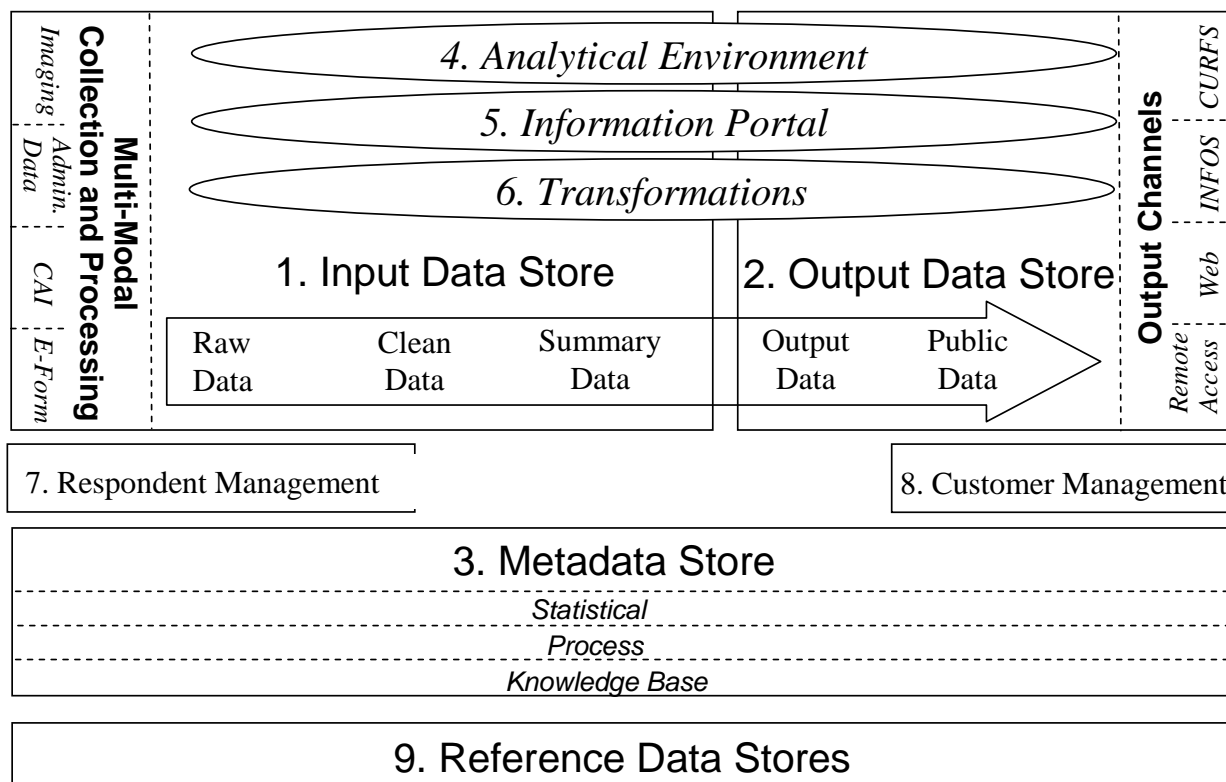
Statistics NZ have developed a new business model by working through a four stage process as follows:

1. Organisation strategies as set out in the Statement of Intent;
2. The development of a generic business process model for the organization;
3. The creation of a statistical information strategy; and,
4. The development of an Application and Infrastructure Architecture.

The first three stages above have been formally approved by the Corporate Governance Group. The details of each stage are documented in the Information Management and Technology Strategy which is currently in a final draft (planned for completion in April 2004). The Business Transformation Strategy will operationalise these strategies and models.

The following diagram presents a conceptual view of the key business components that will be required to operationalise the new business model for Statistics NZ. The appendix to this document presents the same diagram for each of the respective programmes, showing which components will be developed or required as part of the programme in order to meet objective of creating a new business model through six strategic programmes. This conceptual model provides a framework for the Business Sponsors and Owners, the Business Solutions Team and the Programme Managers to prioritise, plan and report on progress, for the development of capabilities within programmes and across programmes.

Business Components of the New Statistics NZ Business Model:



The development of each of the nine components will involve an iterative approach that links to the deliverables of the six strategic programmes. The Business Solutions Team is responsible for the strategic direction of these components along with the broad (logical) design. The six programmes (in consultation with the Business Solutions Team) are responsible for the finer (physical) design, development and implementation. The Appendix details how the six programmes will contribute to the end-to-end delivery of the nine components.

The nine components:

1. **Input Data Store:** This component is made up of three closely related parts:

1.1 A generalised data environment that provides storage of the initial raw data, and versions of data (stages) that are created as data is transformed from raw to clean through a number of defined steps;

1.2 A unit record data matching and data integration environment. This environment supports access by appropriate research statisticians (employees of Statistics NZ) to survey or linked datasets. The Input Data Store creates a platform that allows analysis of information against past time series and for the creation of data marts, either created periodically or ad-hoc; and,

1.3 A multi-model collection and processing environment that provides imaging, CAI and e-Form services along with interfaces to administrative data.

The key issue for the Input Data Store (Environment) is the identification of how it will operate to support both transactional and analytical users. Areas that will need to be resolved include; the cost/benefit of a single environment (albeit with differing structures for different data types, e.g. social, business, tax data), data security and performance, data model support for versioning and history, ease of use for real tasks etc. There will be the need to identify the extent to which integration of data is necessary.

2. **Output Data Store:** Primarily a time-series management environment that takes summary data from the input data environment as an input. Confidentialised Unit Record Data will also be supported in this environment. The Output Data Store provides a platform for further analysis, confrontation and data transformation. Presents a number of options for customers to access information.

The development of the Output Data Store needs to ensure suitable information flow from the Input Data Store to the Output Data Store. The Output Data Store provides a 'snap-shot' of 'clean' data so that there is (i) a copy of the data that is frozen at the time of release; (ii) flexibility in managing changes to unit record data without affecting the output data; and (iii) provision of performance improvements. The fit of statistically modified unit record files within the Output Data Store needs careful consideration.

3. **Metadata Store:** A range of information about information in unstructured (documents) and structured data that is linked with appropriate statistical collections, processes, and versions of data. Also a collection of process and quality information that is created as the statistical processes are operated.

There is a wide breadth of metadata available to Statistics NZ and the challenge is to decide the level of metadata needed to support the business model and interactions between the metadata and the statistical processing cycle. There is also a challenge to balance the (emerging) theory against a practical implementation.

4. **Analytical Environment:** A set of tools and functions that allows a statistical analyst the ability to map, graph, analyse and confront data.

In order to support increased analysis Statistics NZ needs to consider the role of existing tools (e.g. SAS, SuperCROSS, Excel etc.) and what benefits other business intelligence tools (e.g. Cognos, Brio, business objects) provide.

5. **Information Portal:** Access to appropriate statistical data based on subject area, versions, and/or time-series.

Consideration needs to be given to the extent tools will be able to facilitate appropriate data access and the ability for these tools to be supported with appropriate metadata, enabling linking / integrate, search and acquire.

6. **Transformations:** A standard environment that provides for the set up and running of a range of standard transformations on a dataset. The input dataset and output dataset are able to be saved and stored (can apply in both the input and output data store environments).

The challenge is to enable the integration between 'pre-canned' transformations and transformations that are ad-hoc in nature and application.

7. **Respondent Management:** The capability to track the involvement of respondents in collections (individuals, organisations, enterprises etc. in both administrative and survey data collections) and the communication history between Statistics NZ and the respondent. A set of tools to support samples especially for regular surveys and longitudinal surveys.

The strategy is to encourage willing cooperation of providers, through a provider contact service that is both universal and personal. Universal in the sense that we are aware of the broad range of interactions of the provider and personal in the sense that we know the people involved in the process and recognise their value - we aim to build a trusted ongoing relationship with our data providers. Providing a personal and universal approach requires an infrastructure diametrically opposed to our current impersonal silo based approach. The provision of this new infrastructure needs to be affordable, effective, supportive of the collection strategy and can be integrated into statistical infrastructure. The approach will also require the retraining of our IDC staff and considerable process re-engineering to support the a much more cost effect contact operation.

8. **Customer Management:** The capability to track the customers who request statistical products and services. Key contacts in large customers, agencies etc.

There needs to be clarity about the exact business requirements for how Statistics NZ wants to deal with it's customers and the extent of a need for a system to manage this.

9. **Reference Data Stores:** The large structured data stores of reference information that Statistics NZ requires to operate its business processes. Some of these reference data stores are outputs from collections others are used as the basis for selecting samples. Examples of reference data stores are the business frame, electoral boundaries, geoframes, CARS etc. Many of these data stores need to be kept maintained in order to meet the needs of the organisation.

Statistics NZ has made significant investment in reference systems in particular the business frame and CARS. The current assumption is that the BTS will not require re-engineering of these reference systems. It will be important to test this assumption throughout the planning and design phases of the BTS.

4. New Business Model Delivery

The processes and systems that make up the new business model for Statistics NZ will be created by taking advantage of the opportunities offered by six programmes over an initial period of three years. As presented in the early sections of this Charter, the new processes and systems have been categorized into nine components. It will be the responsibility of the leaders of each programme to identify which components are required to deliver the required outcomes to ensure their programme will be a success. The programmes and their part in the development of the new business model are detailed at the end of this document.

An outcome of the planning stage for the Business Transformation Strategy will be a mapping of each programme against each component. Each of the nine components will be classified as either:

- Required component and leading the development;
- Required component and supporting the development;
- Using current capability, or,
- not required for this programme.

Applying this approach will not be straight forward, especially when two or more programmes may require the same component to be delivered for their respective programme. Equally, some programmes will not be able to wait for new components to be delivered (by other programmes).

There will be a need to develop a comprehensive plan that addresses the conflicts, dependencies, risks and provides mitigation strategies.

4.1. Key components of the end to end model

From the planning discussions that have occurred already it is clear that some of the nine components are required by a number of programmes e.g. Respondent Management. In addition, while there are a number of international standards available to use (although, not all are mature), most of the component designs and technology solutions are still be developed by the newly developed Business Solutions Team.

There is still pressure from business owners to start their programmes in order to meet delivery dates. It is also worth noting that the majority of these delivery dates have been agreed with stakeholder government agencies e.g. Department of Labour for the LEED Programme.

The planning process will need to find an appropriate balance between asking programmes to wait until cross cutting projects and/or component designs have been completed and allowing the programmes to forge ahead with their solutions. Where a programme cannot wait the best approach will be for the Business Solutions Team to set out a minimum standard or design criteria, with recognition by all parties that the standards and design criteria will be refined over time. This may require some programmes to complete some re-work once the standards or design criteria have been finalised.

The following is a list of three cross-cutting areas that have been identified as high priority for the Business Solutions Team to resolve in the first 6 months of the Business Transformation Strategy:

- Integrated Collection Environment (ICE): ICE covers functions like collection statistical information via multi-modes and administrative data collection, Respondent Management System (RMS) and Contact Center (incl. Campaign Management, CATI, and in & out-bound calls).
- Input Data Environment covering both survey and administrative data sources.
- Meta-data (or meta-information) Management.

4.2. Information and Technology Strategy

To support the development of business and technical solutions for the components identified in this Charter document, the IMS Group within Statistics NZ has written an Information and Technology Strategy. Both documents provide context for the development of a new business model for Statistics NZ.

4.3. Processes Modeling

In June 2002, process modeling was introduced into Statistics NZ with a range of objectives including to: understand the commonalities of process across the organization (to identify areas for productivity improvement); improve the capture of high level requirements for change projects, and to provide a better context for communicating change projects both within Statistics NZ and with stakeholders.

While there has been a limited investment in the tools to support process modeling, the modeling approach has been relatively widely adopted in projects over the last 2 years, and more importantly, accepted by staff as a valuable way of describing their business area.

It is expected that the process modeling approach will be adopted in all projects within the Business Transformation Strategy.

4.4. Technology Candidates

Statistics NZ completed a technical architecture document in early 2002 which provided leadership on the technologies to be used for new projects going forward. A key change in the architecture was to move progressively away from the development of two tier, based on Centura and Sybase, to n-tier software applications based on .NET and SQL Server from Microsoft. In addition there was a clear understanding that data warehouse techniques would need to be adopted widely within the development team.

Subsequent to this, Statistics NZ have also recognised the need for process /workflow management, data management, output reporting, and analytical software tools. It is expected that software tools available from current suppliers to Statistics NZ will be reviewed first including: Microsoft, IBM/Lotus, SAS, SpaceTime Research or Wherescape.

4.5. Database Holdings that Support an “End to End” Statistical Information Lifecycle

This section provides an initial insight into the data holdings that will support the new business model for Statistics NZ. While every attempt will be made to create generic data stores, it is recognized that there may need to be variations to account for core differences between Subject Divisions e.g. between Social statistics data, and business data.

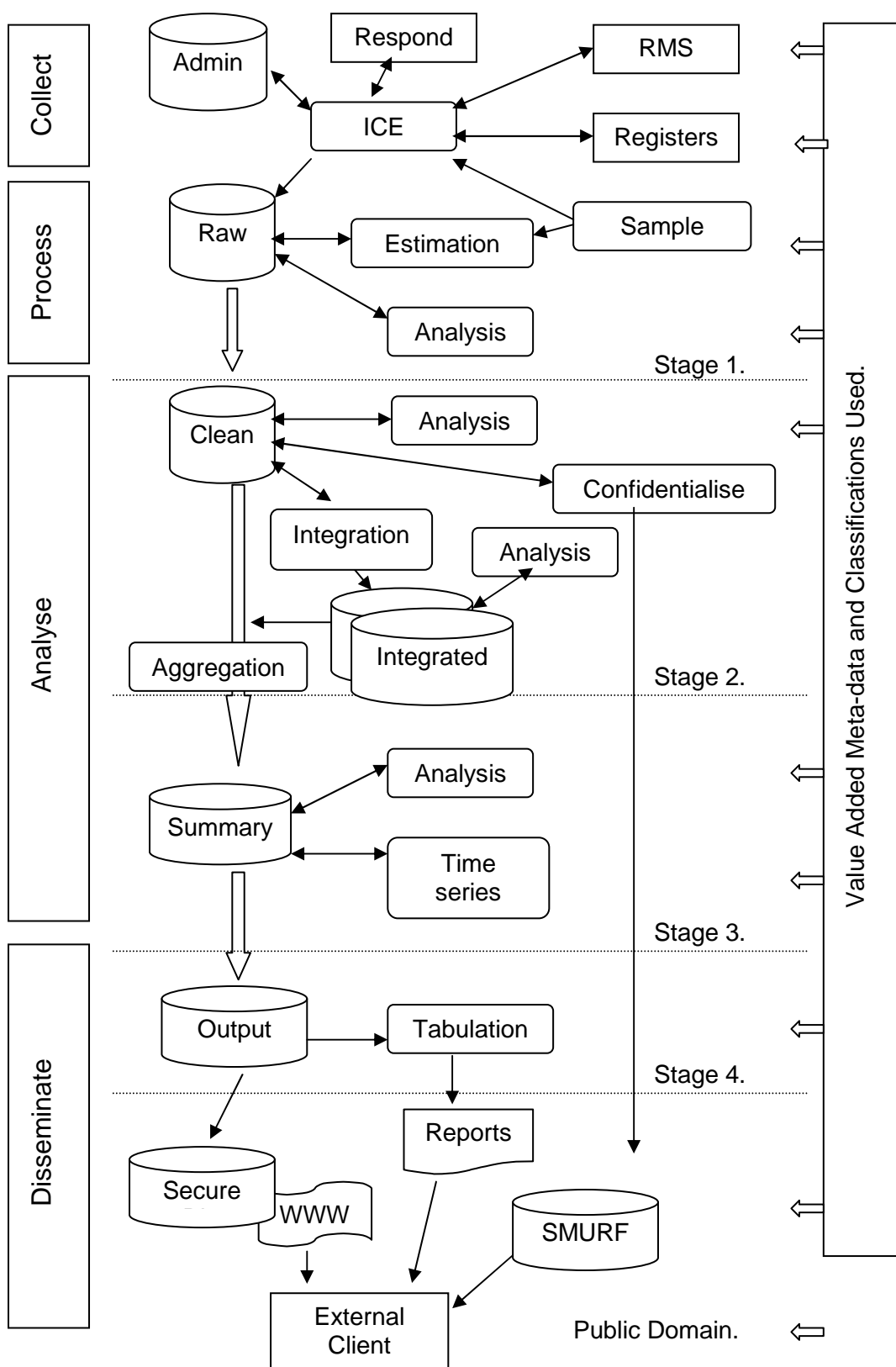
Figure 2. shows how each of these components fit together, the points where meta-data (or meta-information) is added to the process and where classifications are possibly used. The SNZ ‘generic Business Processes’ have also been overlaid to help provide further context.

Table 1. Data holdings within statistical processing cycle.

	Stage 1.	Stage 2.	Stage 3.	Stage 4.
	Collection & Processing.	Transformation	Aggregation.	Dissemination.
Brief Description.	Data entry (incl. EDI or Admin data), estimation & reporting.	Snap-shot of acceptable data from which to analyze.	Data analysis (incl. s/adj.) and reporting.	Production release of data.
Data Holdings description.	Work in progress Unit Record data per survey.	Clean Unit Record data per survey.	Aggregate data is held separately per output.	Aggregate data that is releasable.
Data State.	Alive.	Dead.	Alive.	Dead.
Transition.	Clean data is transferred to Unit Record Output Db.	Aggregated data is transferred to an Aggregate Db.	Analyzed data is transferred to a Publication Db.	
Name ¹ .	Raw.	Clean.	Summary.	Output.

¹ The name of the database as expressed in Figure 2.

Figure 2. Data Flow through the Statistical Production Cycle.



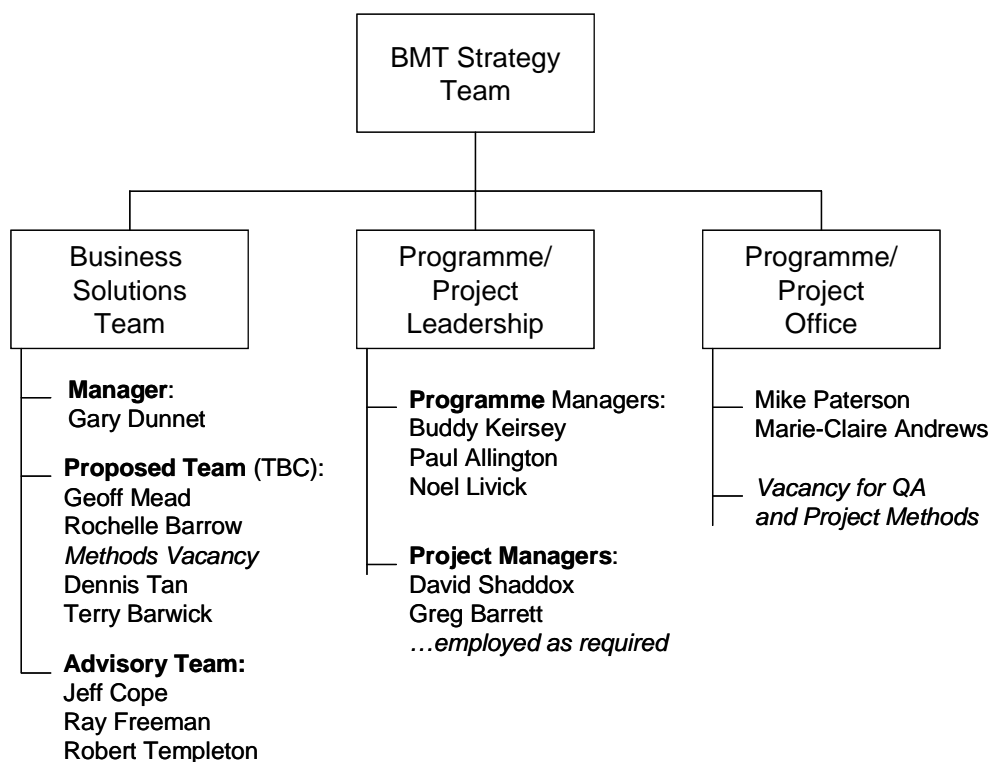
5. Strategy Planning and Monitoring

Planning, monitoring and reporting on the Business Transformation Strategy will be the responsibility of the Business Transformation Strategy Team.

5.1. The Business model Transformation Strategy Team

The Business Transformation Strategy Team will include the resources needed to plan and manage the strategy, reporting progress on its achievements against plan, and will also include the specialist programme and project management expertise to act as a centre of expertise for the management of individual programmes within the strategy.

The Team will be structured as shown below, drawing staff from within the organisation and beyond as necessary.



The **Business Solutions Team** will include a core team of internal staff, plus a data architect, two advisory Information Management specialists and an advisory team. The objectives and approach of the Team have been set out in a separate document titled Business Solutions Terms of Reference. The primary objective of the team is to:

“Design, promote, gain approval, and monitor the implementation of a range of business solutions that will allow the new Statistics NZ business model to be implemented within the six pilot programmes (1-3 years) and subsequently, for all statistical business areas across the organisation (3 - 9 years).”

The **Programme/Project Leadership Team** will include three experienced programme/project managers, some assigned to a single programme and others managing a number in parallel

programmes depending on their size and the stage they are at. It will be the responsibility of the programme/project manager for each of the six pilot programmes, to produce detailed timescale, resource, and budgetary plans for their programmes. Having done so, the results need to be input to the Project Plan, so that key milestone dates, interdependencies and consequent risks can be identified.

The **Programme Office** will provide administrative support to the Business Transformation Strategy Team, preparing progress reports, providing project methodology, quality assurance of the use of the project methodology, contract management and other project administration services as required.

5.2. High Level Plan for the Business Transformation Strategy

The Business Transformation Strategy is expected to run for a period of at least three years and possibly longer. Given the uncertainty around that kind of timeframe, and the likelihood of changes in Statistics NZ and the wider sector, only a very high level plan can be produced for the overall strategy. Therefore detailed planning has concentrated on the next 12 months – Phases 1 and 2.

5.3. Phase One – to end of June 2004.

Phase One of the strategy will run until the end of June 2004, and is essentially a planning and initiation phase to permit Statistics NZ to put in place the necessary pre-requisites to success – including the creation of the Business Transformation Strategy Team, two initial workshops (Visioning - March and Planning - April), organisation's business planning process for the 2004/05 financial year, and the completion of the current capital work plan.

Key milestones for the Business Solutions Team over this phase are as follows:

- Finalise the makeup of the team, the terms of reference and the way the team will operate;
- Evaluate, review and confirm the conceptual model presented in this paper and the other models set out in the Information Management and Technology Strategy; and,
- Create an initial set of priority areas to focus on for Phase 2.

Key milestones for each of the programmes over this phase are as follows:

Programme 1. Census

- Ongoing development of the Input Processing System.
- Evaluation of other systems required for Census.
- Completion of the Tender process to select a Prime Vendor for the eCensus solution.

Programme 2. National Accounts

- Evaluation of other National Accounts environments in National Statistical offices.
- Evaluation of potential time series reporting and analysis environments.
- Development of a programme proposal.

Programme 3. Business Performance (GIF)

- Completion of processes and systems for three surveys that have an October release date into the field.
- Creation of a work programme for surveys and statistical outputs over the next 3 years.

Programme 4. LEED and Injury Statistics

- Ongoing development of systems for Injury Statistics.
- Development of the LEED Proto-type.

Programme 5. Social Statistics

- Ongoing development of processes and systems for HLFS and HES.
- Review of SoFIE and LISNZ.
- Identifying the priorities for new surveys in the Social Statistics Programme.

Programme 6. OSRDAC / OSS

- Creating requirements for an initial discovery metadata solution for OSRDAC / OSS.
- Implementing an initial version of RADL.
- Identifying the priorities for inputting information into the data archive.

5.4. Phase Two. July 2004 to December 2004.

Phase Two is timed to coincide with the start of the new financial year:

Key milestones for the Business Solutions Team in this phase are:

- Start to create business solutions for the highest priority areas – which are based on this review and are likely to be: the input data environment; integrated collection environment; and metadata store.
- Communicate the solutions and ensure the consultation process with staff throughout the organisation is effective.
- Evaluate the LEED prototype project.

Key milestones for each of the programmes over this phase are:

Programme 1. Census

- Ongoing development of the IPS.
- Development of the Respondent management system and other key systems.
- Working with the eCensus Prime Vendor to deliver a solution for the Census 2006 dress rehearsal.

Programme 2. National Accounts

- Initiate a process to select a time-series management and analytical solution.
- Complete a review of international best practice.
- Complete a programme business case.

Programme 3. Business Performance (GIF)

- Deliver the systems and processes to support the running of 2004 years surveys.
- Specified the options to the Business Owner for running the 2005 surveys.
- Create a road map for moving the GIF surveys onto the new platform over 2 – 3 years.

Programme 4. LEED and Injury Statistics

- Evaluate the LEED prototype and initiate the development of a production solution.
- Review the Injury Statistics solution and create a plan to migrate to the new model.

Programme 5. Social Statistics

- Ongoing development of processes and systems for HLFS and HES.
- Planning the development of the initial social surveys.

Programme 6. OSRDAC / OSS

- Implementing further historical information into the data archive to support required research,
- Development of a wider metadata solution for the organisation.

Beyond Phase 2

Further planning of Phases after phase 2 will occur in August/Sept once the Business Solutions Team and the Programme Managers have completed their planning at a programme level.

The overall approach of the Business model Transformation Strategy will be reviewed in March 2005 after 12 months in operation.

6. Ensuring the Effectiveness of the Strategy

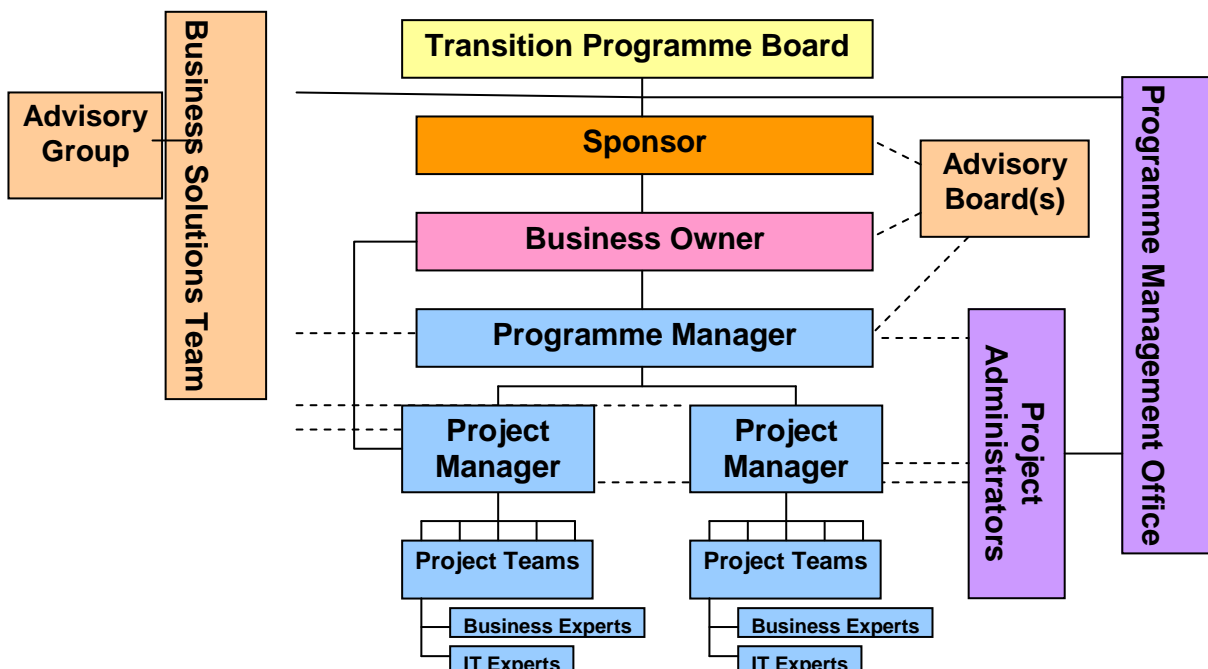
The basic philosophy behind the way the Business model Transformation Strategy has been designed and is planned to be implemented is to create a tension between the organisation's need for a more effective, flexible and generalised approach for the management of information, against the need to deliver new processes and systems for each programme. As has been described in early sections of this document, the added complication is that some programmes will be developing business components that will be utilised in more than one programme.

This model will work as long as there is strong, positive and effective leadership at the Governance, Business Owner, Subject Matter Expert, Business Solutions and Programme/Project Manager levels.

6.1. Governance

Effective Governance for any organizational change programme is about ensuring that decisions are made by the right people with the best information, at the right time. It is clear that there are organisational and subject matter objectives, as well as, business and technical challenges throughout the scope of the Business Transformation Strategy. There is a need to set out a clear Governance model that ensures these competing objectives and challenges are addressed by the right people at the right time.

The Transition Programme Board is responsible for supporting the Chair of the Board to make and monitor investment, design and implementation decisions in relation to the BTS. In discharging this role the Board may also take an interest in resource management issues across the 6 programmes.



6.2. Subject Matter Leadership

As noted in the diagram above there may be a requirement at the subject/programme level for an advisory board. Setting up an advisory board for a programme is the responsibility of the programme sponsor. This approach will allow a subject matter to provide advice and direction to the programme team, and will also foster a sense of ownership of the programme within the subject area.

The key point is that the Advisory Board does not have authority over the Transition Programme Board in the areas of investments, design and implementation issues. If and, when there are disagreements about the best way forward between the programme and the wider organisational strategy, the final decision must be made at the Transition Programme Board not at the programme level. That does not automatically mean that programmes will not gain acceptance for their position within a disputed area. Limited exceptions from the organisational approach can be negotiated on a case by case basis, which will ensure that exceptions are transparent to all parties and any downstream impacts are understood at the time of the decision.

6.3. Information Management Services

Programme Solutions, once designed, will need to follow the standard process for investments in new information and technology solutions. The Business Owner and Programme Manager will need to complete an Architectural Review and follow the Change Control procedures before being able to develop and implement their solution.

7. APPENDIX

7.1. Six Programmes to Deliver the Business model Transformation Strategy

The long term vision is for the new business model to eventually apply to all programmes and projects undertaken within the organisation, and there will be a standard “platform” for the management of all data and information. A more realistic view at this point in the strategies development recognises the need for some well documented exceptions. In noting the need for exceptions, it is important to also state that exceptions would not diametrically oppose the new business model, and would adopt parts of the model and platform where appropriate.

In the next three years, however (July 2004 to June 2007), the Business Transformation Strategy will be implemented through six existing or planned programmes, each focused on a key area of the business. The six have a number of aspects in common, namely that each involves (re)developing processes and systems to address either a new requirement of Statistics New Zealand or a current process for the collection of statistics for a subject area.

The six programmes are described in brief below, and in Appendix 2, which shows in matrix format how each programme addresses organisation-wide problems (as well as the specific business-unit level problems it sets out to solve), how each one maps to the future business process model, and can therefore be used to “pilot” new, standardised, end-to-end processes for reuse in future, and how each contributes to the Statistical Information Strategy, and in particular the information framework contained in it. The pilot programmes will provide an effective test of that strategy, and insight as to how it can be “bedded down” in future programmes.

Each of these programmes has or will be documented in detail in its own right. Each has implications also for the proposed organisational model, and can inform the development of the key capabilities required to support the future business model.

7.2. Programme 1 – Census 2006

A major source of government statistical information comes from the New Zealand Census, which Statistics NZ has a statutory requirement to carry out every five years. The Census involves every household and every individual in every household in New Zealand. A Dress Rehearsal will be carried out in March 2005, while the next Census will be carried out in March 2006. The Programme is made up of several major components – Imaging system, e-Census system, the Input and Output processing systems and the Respondent Management system. In addition there are more than 20 other process/system changes.

Due to the lead time required to build a new processing system to work with the IBM imaging technology, the solutions required for the imaging system and the processing system have already been designed and are in the development stage. It is therefore not possible for these solutions to adhere to the yet to be developed new business model - business solutions.

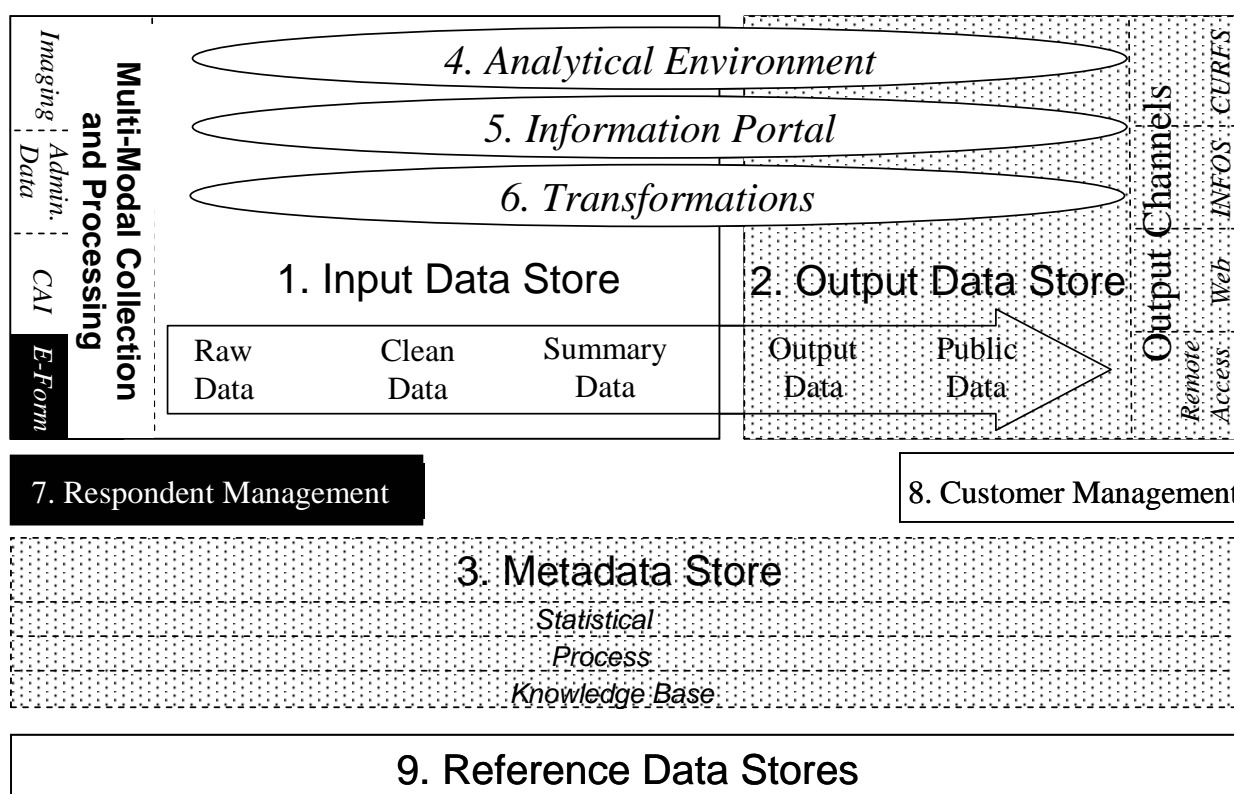
The real opportunity is for learnings to be gained by the Business Solutions Team from the solutions developed and the technologies utilized (IBM imaging, e-Census solution, and .Net environment used for the processing system) within the Census Programme. The exceptions to this approach are respondent management and output systems.

Respondent Management Solution: The Census Programme is likely to gain significant funding to support an e-Census solution that will include a respondent management system. There is a

potential opportunity to join the wider respondent management requirements of the organisation with those of Census and create an organisation wide solution. The Business Solutions Team will need to assess this opportunity early in its formation.

Output Solution: The output environment required to manage Census 2006 data will be required from March 2006. It is likely that the Business Solutions Team would have completed work in the area of Output systems so that the Census Programme is able to make use of an organisation wide solution. The Business Solutions Team will need to assess this opportunity early in its formation.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the Census Programme:



7.3. Programme 2 – National Accounts Redevelopment

The primary objective of this programme of work is to create and implement a world leading national accounts information management model to enable the best practice production of GDP and other National Accounts statistics. Secondary objectives include the creation of a knowledge base of processes, techniques and practices within ESG and to create a satisfying working environment for staff.

Anecdotal evidence suggests that:

- better organisation of data and related meta-data would make it easier to find and extract series used in compiling the accounts;
- processes that transparently reflect methodology would make it easier to create the published series;
- greater consistency in processes that perform similar data transformations across the accounts would make it easier to create the published series;
- software that can be used with less programming expertise would make it easier to compile the accounts;
- clearer and more consistent documentation of processes would make it easier to compile the accounts; and,
- all of the above would reduce the time required to learn and become proficient in national accounts compilation processes and make it easier for people to move from one compilation task to another.

A by-product would be that National Accounts staff would spend less of their time manipulating data and acquiring idiosyncratic sub-system knowledge and more of their time in the analysis of data, and hence applying their real skills in economic measurement to the production of quality statistics. This should also be inherently more rewarding and interesting, and help mitigate at least one cause of unwanted staff turnover-the frustrations of fighting a user-unfriendly data management environment.

A further benefit is likely to be reduced risk of error from systems that are easier to use and where data transformations are more transparent.

The focus of the programme will be on the redesign of processes and systems. It is not expected that the programme will involve changing the underlying methodological approach to compiling the accounts which is consistent with the recommendations of the 1993 SNA and subsequent recommendations of the ISWGNA, but the redesign of processes and systems should accommodate:

- planned changes/improvements in methodology (such as the implementation of constant price input output balancing, lower level chain-linking, new real-measures of non--market services);
- planned introduction of new data sources (e.g. extended AES data, extended sub-annuals, new commodity data, upgraded PPIs);
- planned extensions to the scope of the accounts (e.g. income and outlay accounts, QGDP(I)).

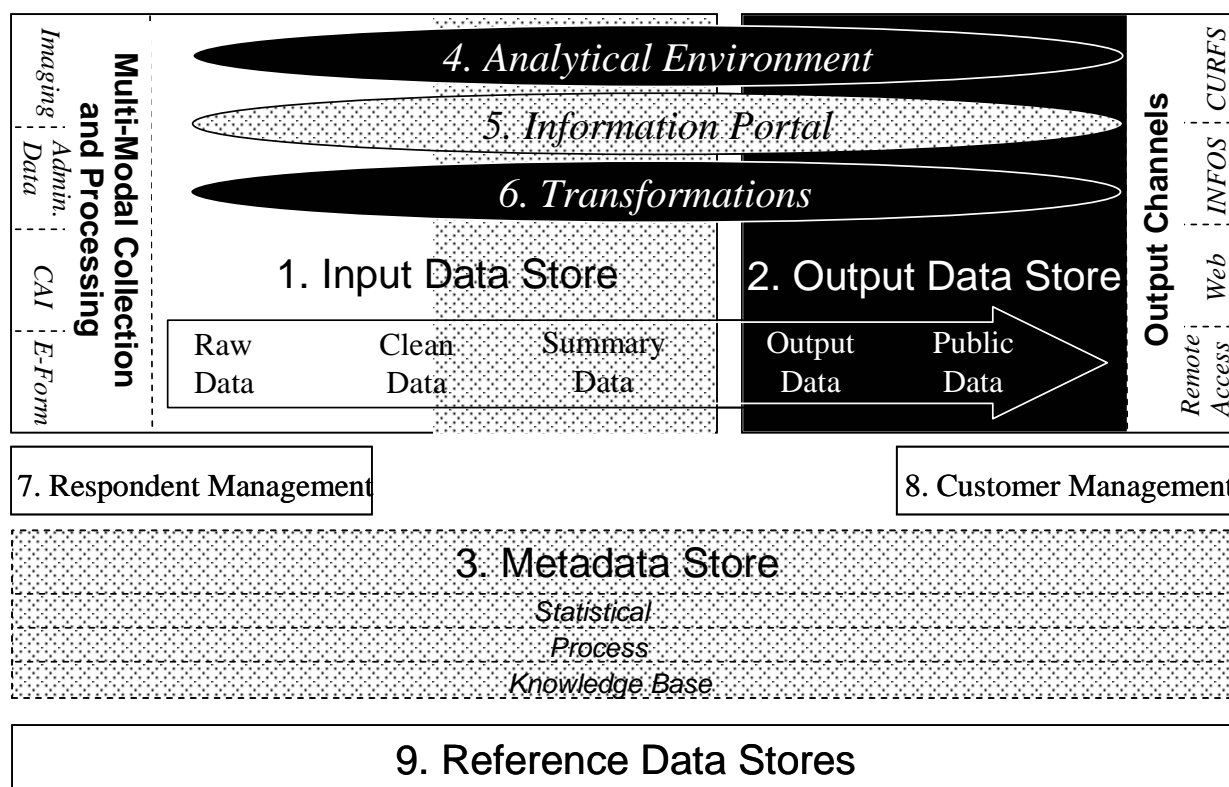
While at first, the National Accounts Redevelopment Programme may seem quite separate to the solutions that will be developed in other programmes, the following points paint a very different picture. In fact this programme is very significant to the wider objective to implement a new platform that supports a new business model across Statistics New Zealand.

1. National Accounts are an internal customer of many of the subject areas within Statistics New Zealand. It is highly likely that the solution for this programme will create a standard

application interface between the source subject matter systems and the National Accounts system. The need to change current subject matter systems to produce data in this new format will give a good indication of the difficulty of moving historical subject matter data to the new business model in the future.

2. Initial research has shown that a “Time Series Data Management Environment” with an integrated workflow engine is the platform required to support National Accounts processing. This type of platform supports the confrontation (compilation?) of data from different sources, the ability to make individual changes at any stage of the compilation and have them accurately reflected automatically in all downstream results, and the storage and access of historical data. The overall platform for the organisation also requires a time series manager approach. There is a real opportunity, and a preference, to select a single time series manager application that is used by the organisation as well as National Accounts (it goes without saying that both implementations would utilize the same data structures).
3. In order to satisfy data inconsistencies there is a requirement to understand the meta-data pertaining to a particular data-set at a detailed and technical level. In addition, there may be a requirement to review the original unit record data along side other unit record data for the same unit enterprise or subject. This requirement can only be met by the creation of an organisation-wide meta-data system and an integrated input data environment.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the National Accounts Programme:



7.4. Programme 3 – Business Performance/Growth and Innovation Framework (GIF)

The aim of the GIF is to increase New Zealand's economic growth rate above the OECD average and sustain this higher growth performance over a number of years. Achieving this goal will require a marked structural improvement in New Zealand's economic performance. The framework indicates that the government will focus its resources and policies in four key areas:

- enhancing the innovation system;
- developing skills and talent;
- increasing New Zealand's global connections; and,
- focusing government resources.

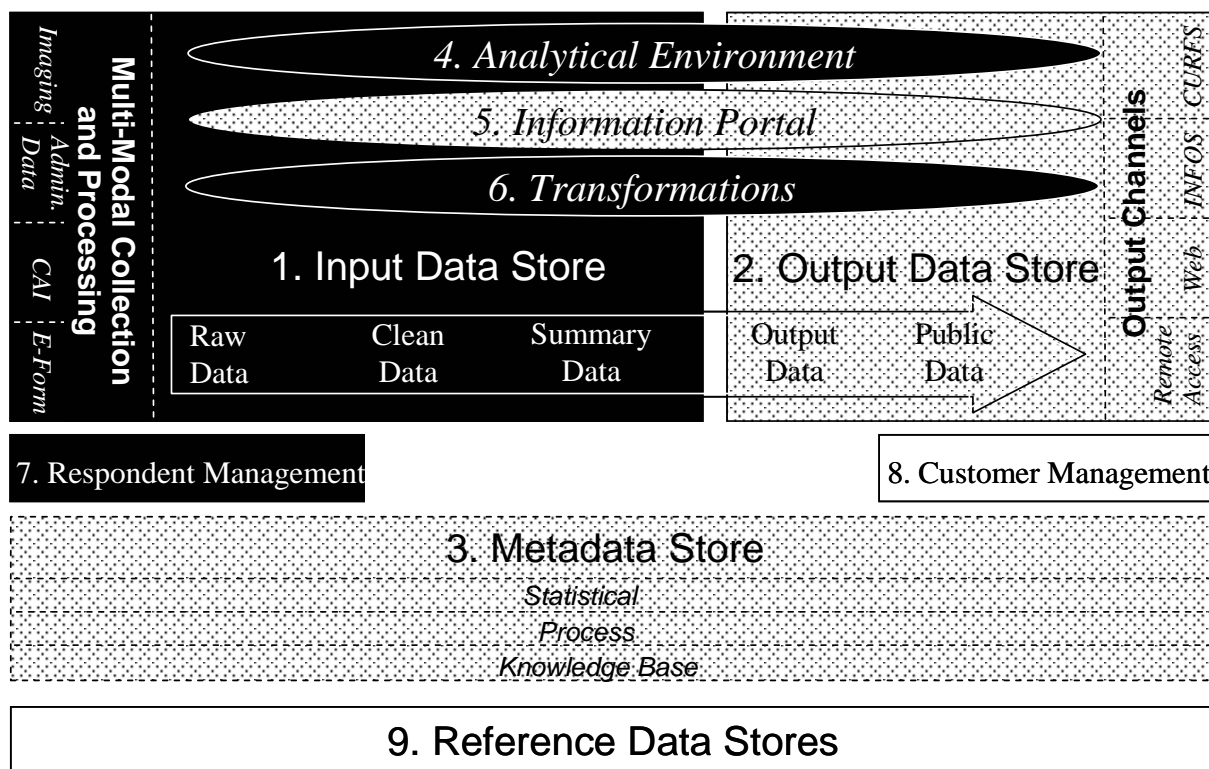
And have identified three important potential growth areas within the New Zealand economy:

1. Biotechnology;
2. Information and Communication Technologies (ICT); and,
3. Creative Industries.

The aim of this programme is to provide statistical information about the drivers of economic growth in NZ, including:

- Official national and industry level productivity statistics;
- Integrated statistics measuring the economic contribution of identified “growth enabling” sectors (Biotechnology, ICT and Creative Industries); and
- The development of firm level databases to support statistical research to improve understanding of the determinants of growth.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the Business Performance (GIF) Programme:



This programme has many challenges that will need to be overcome in order for the programme to positively impact the development of a new business model at Statistics NZ. The challenges include:

1. The current and ongoing requirement to run a number of relatively small statistics surveys for different, although related, subject areas;
2. The fact that the current and planned surveys require an end to end set of services. Therefore, as the platform for the new business model is designed and developed, the GIF surveys will want to have a clear roadmap for making use of new capabilities of the platform.
3. Many of the planned statistics under this programme are likely to make use of current statistical information already collected by Statistics NZ (e.g. AES information). This would require putting historical data into the new business model in order to support the requirements of this programme at an earlier point than initially planned. This is both an opportunity and a risk and will need to be carefully monitored by both the Business Solutions Team and the Business Owner of the programme (and subject matter leaders).

7.5. Programme 4 – Linked Employer-Employee Data (LEED) and Injury Statistics

LEED is a major new statistical infrastructure that links Statistics New Zealand's business information with employer and employee administrative data, sourced from the Inland Revenue Department.

LEED will significantly improve the breadth and quality of employment and business data available for policy formulation, monitoring and evaluation by enabling dynamics and processes across time to be measured. It has the potential to provide a critical resource for research and evaluation of initiatives being pursued under the Growth and Innovation Framework without any increase in respondent burden.

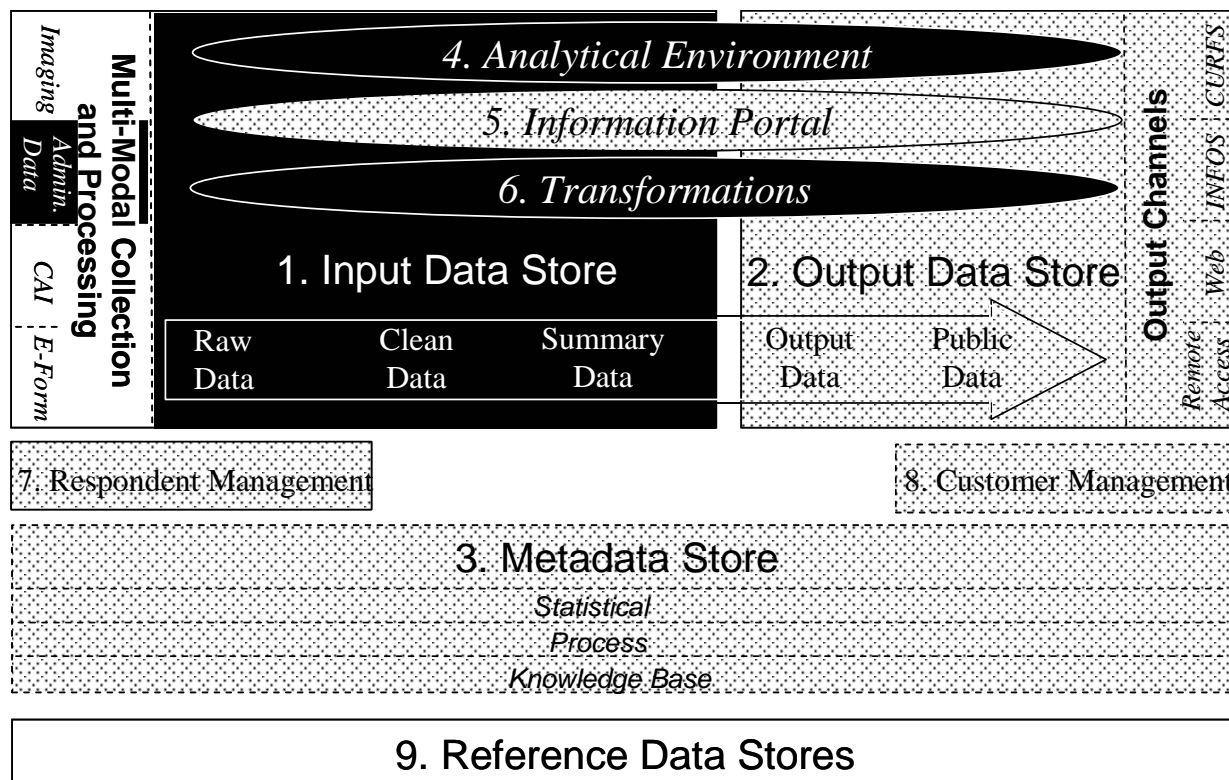
Injury Statistics is a similar project based on integrating administration data records for accidents from ACC and NZHIS, 6 other smaller agencies and NGOs. The project is currently in the pilot stage established the feasibility of integrating the two prime sources of injury data (ACC claims and NZHIS hospital discharges).

In addition to the need for Statistics New Zealand to understand how to manage large administrative data integration projects, these projects both call for:

1. A standard data management approach and ability to repeat processes and transformations in a timely manner;
2. An integration and matching environment that allows the plugging in of Statistical methods developed by statisticians;
3. An analytical and research orientated meta-data and unit record data environment;
4. A output data environment that has innovative access options; and,
5. A data management and data access security environment that will meet the requirements of the Government Statistician, external stakeholders and the privacy commissioner.

There are many similarities with the OSRDAC and National Accounts Programmes.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the LEED and Injury Programme:



7.6. Programme 5 – Social Statistics

The objective of this programme is to provide a co-ordinated whole-of-government programme of official statistics, developing and maintaining official social statistics over the next 10 years. It will provide a robust foundation for planning and investment decisions, and associated research and evaluation activity.

Comprehensive and cohesive statistics on social well-being and social outcomes will provide a sound basis for assessing progress towards the achievement of the government's social goals in the areas of social development, education, health, the labour market, and crime and justice. Information on interconnections across the social sector will help improve the alignment of planning and activities.

This programme will enable Statistics New Zealand to maintain a critical mass of core capability in measuring social well-being and social outcomes, and to be able to respond more quickly to emerging policy priorities.

In the short term there is a need to complete a number of current Social Statistics projects including:

1. Household Labour Force Survey (HLFS) (redevelopment for 2005);
2. The Household Economic Survey (HES) (redevelopment for 2006); And potentially,
3. The core functions and processes of two important longitudinal collections SoFIE and LISNZ.

The current projects in addition to the initial projects that will come out of the Social Statistics Programme need to be taken together in the planning and the creation of business solutions. The

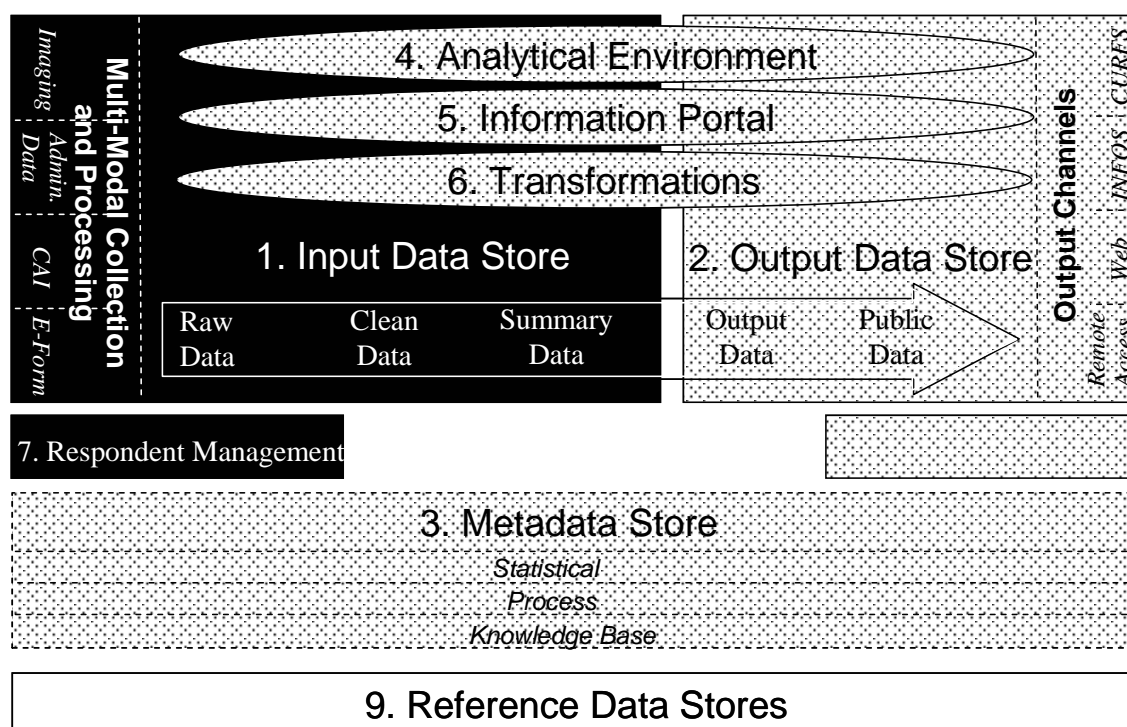
vision is to exploit a multi-modal approach to collection of household data with an emphasis on the use of Computer Assisted Interviewing (CAI). The real opportunity is to provide an interviewer and survey management process that is standardised across household surveys (and potentially business and other economic surveys).

As with the Business Performance (GIF) Programme, this programme has a number of current survey collections and a range of new collections planned for future years. It will be important for the Business Solutions Team to provide the Business Owner of this programme a roadmap of potential capabilities and when they would be available for use. Due to the timeframe, the Social Statistics Programme, it will be in a good position to make use of many of the platform capabilities developed within the other programmes. The only caveat to that statement is if the current surveys noted above require redevelopment of core capability in the short to medium term.

The key requirements of the platform (to support the new business model) are:

1. Multi-modal collection with a focus on a efficient, consistent and effective CAI capability;
2. A respondent management system;
3. An input data environment with standard statistical transformations;
4. An analytical and research environment;
5. A meta-data and classifications capability; and,
6. An output environment.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the Social Statistics Programme:



7.7. Programme 6 OSRDAC / OSS

This programme is part of an initiative to significantly improve the overall co-ordination and management of official statistics throughout the state sector. It establishes a new business unit in Statistics New Zealand called the Official Statistics Research and Data Archive Centre (OSRDAC) to provide:

- a single point of access to unit record data for important official data sources to be used by government, universities and other researchers for statistical and related policy research and evaluation purposes; and,
- a reference database of all government surveys to understand and manage respondent burden more effectively on a whole-of-government basis.

This Programme has strong links to the Top Down Review initiative, which presents a case for Statistics NZ to take a stronger role in the leadership of Official Statistics. The capabilities required by Statistics NZ in terms of unit record data access are an extension of the current Data Lab capability. Having said that it will be very important that Statistics NZ provides some new deliverables as part of OSRDAC in mid-2004 in order to show stakeholders across the Public Service that Statistics NZ is both committed to, and capable of delivering on the recommendations within the Top Down Review.

The initial requirement is the creation of a discovery level meta-data register of all Official Statistics (tier 1) across the Public Service, followed very closely by the need to provide a remote data access capability (RADL). It is a current assumption that this programme would take the lead on specifying and selecting a solution to meet the needs of the organisation's meta-data requirements.

The medium term requirement for a research data archive (part of the Output Data Store) is closely aligned with the input/output requirements set out in all the programmes above, especially the environments outlined for National Accounts and LEED. It will be important for the Business Solutions Team to look at the requirements for this programme at the same time as defining requirements for other programmes.

In particular:

1. A standard application interface between the source subject matter system and the OSRDAC input system;
2. A standard data management approach and ability to repeat processes and transformations in a timely manner;
3. An integration and matching environment that allows the plugging in of Statistical methods;
4. An analytical and research orientated meta-data and unit record data environment;
5. A output data environment that has innovative access options for unit record data; and,
6. A data management and data access security environment that will meet the requirements of the Government Statistician, external stakeholders and the privacy commissioner.

Business Components of the New Statistics NZ Business Model that potentially will be Developed (Black) and Used (Grey) within the OSRDAC / OSS Programme:

