

# Statement of Intent 2018–2022



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



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New Zealand Government

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## MINISTER'S FOREWORD

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The Government's economic vision is to improve the wellbeing and living standards of New Zealanders by building a productive, sustainable and inclusive economy.

Our commitment is to put the wellbeing of our people and the health of our environment at the heart of our thinking so that all New Zealanders, now and in future generations, benefit from growth.

Shaping a stronger economy for the future means addressing a number of challenges.

We need to continue the move from volume to value in our productive sector, improve our levels of business investment, shift more of our valuable capital into productive investment rather than speculative land-based assets, and use our skills to utilise – and enhance – our points of comparative advantage.

We are seeing major developments that will have an impact on our economy now and for decades to come. Digitisation, automation, demographic shifts, climate change and the sharing economy will transform the economy over the next 30 years.

We can expect our economy and the nature of work to undergo a transformation on a similar scale to the changes that flowed from globalisation, the impact of the internet, market-based reforms and the removal of subsidies over the past 30 years.

In navigating these changes we need to keep a clear focus on the skills our people need as well as on the egalitarian outcomes we cherish and promote.

These global trends set us new challenges but also offer new opportunities.

The priorities set out in this Statement of Intent aim to address those challenges, and to develop those opportunities as we build a more productive, sustainable and inclusive economy.



**Hon David Parker**

Minister Responsible for the  
Ministry of Business, Innovation and Employment

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### Minister's statement of responsibility

I am satisfied that the information on strategic intentions provided by my Ministry, the Ministry of Business, Innovation and Employment, in this Statement of Intent is consistent with the policies and performance expectations of the Government.



**Hon David Parker**

Minister Responsible for the  
Ministry of Business, Innovation and Employment

9 October 2018

## CHIEF EXECUTIVE'S INTRODUCTION

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Ultimately, everything we do at MBIE is about improving the wellbeing of New Zealanders. As we continue to grow and evolve as an organisation within a rapidly shifting environment, we need to make sure we stay focused on the areas that will help us to deliver the best results for New Zealand.

Our purpose – to grow New Zealand for all – is ambitious. To succeed, we must make the most of our scope and scale, and the advantage this gives us in responding with agility to new challenges as they arise. We've been careful to identify where we should direct our efforts to achieve the outcomes we're seeking and we've focused on what we can do to grow our organisation and lift our capability to deliver.

Our aspirations for New Zealanders are high and we know we can't get there alone. We recognise that success – now and in the future – is built on partnership, including the Crown-Māori partnership that underpins our work. We'll continue to embrace opportunities to work with New Zealand businesses, regions and communities, drawing on broad knowledge and expertise to challenge our approach and drive stronger results.

It's fair to say that New Zealand is well-positioned in relation to many countries, but we are also facing significant challenges at the regional, national and international levels, and we can't assume that what has worked in the past will be fit for the future.

I believe we're in a good position to build on our successes, to adjust our efforts to have more impact, to be more innovative and challenge ourselves to do more to deliver to our purpose so that we can meet these challenges head-on and make the most of the opportunities ahead.



Carolyn Tremain  
Chief Executive  
Ministry of Business, Innovation and Employment

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### Chief Executive's statement of responsibility

In signing this statement, I acknowledge that I am responsible for the information on the strategic intentions for the Ministry of Business, Innovation and Employment. This information has been prepared in accordance with sections 38 and 40 of the Public Finance Act 1989.



Carolyn Tremain  
Chief Executive  
Ministry of Business, Innovation and Employment  
8 October 2018

## NATURE AND SCOPE OF OUR FUNCTIONS

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The Ministry of Business, Innovation and Employment (MBIE) helps to grow New Zealand for all to improve the wellbeing of New Zealanders.

We offer free and frank advice to government, recognising the spirit of service to the community that we share as public servants.

As a large organisation, we have a wide reach and are connected across sectors, regions and industries. We look for opportunities to work with partners inside and outside government, and we build on the best thing about New Zealand – communities working together for the good of everyone.

Being fair is something else New Zealand can be proud of. We are responsible for many of the regulations that keep people safe and free from exploitation and enable businesses to thrive.

In a productive economy, all businesses have more confidence to invest and grow, and we help by providing improved access to good advice and simpler systems.

MBIE is a place that encourages good ideas and creative thinking about New Zealand now and in the future. We give support to science, recognising that our innovators will prepare us for the challenges we face.

We anticipate long-term changes to the labour market with changing technology. We will find ways for people and firms to adapt to the changes.

MBIE values the diversity of our people and will develop their talent. By reflecting the communities we serve, we can work more effectively for a diverse New Zealand.

## SCOPE OF OUR RESPONSIBILITIES

Our role is diverse. We operate in a complex working environment, including working in partnership with 24 Crown entities and Crown organisations (see the appendix on page 26-27). We operate under a three-Vote structure and support Ministers across 16 portfolios in the Votes we administer.

VOTES WE ADMINISTER	PORTFOLIO MINISTERS WE SUPPORT	ASSOCIATE MINISTERS WE SUPPORT
Vote Building and Housing	Minister for Building and Construction	
	Minister of Housing and Urban Development*	
Vote Business, Science and Innovation	Minister of Broadcasting, Communications and Digital Media	
	Minister of Commerce and Consumer Affairs	
	Minister for Economic Development	
	Minister of Energy and Resources	
	Minister for Infrastructure	
	Minister for Regional Economic Development	
	Minister of Research, Science and Innovation	
	Minister for Small Business	
	Minister of State Services	
	Minister of Tourism	
Vote Labour Market	Minister for ACC	Associate Minister for ACC
	Minister of Employment	
	Minister of Immigration	Associate Minister of Immigration
	Minister for Workplace Relations and Safety	

\*The responsibilities of the Minister for Housing and Urban Development were transferred to the Ministry of Housing and Urban Development from October 2018.

We also provide support to the Minister and Associate Minister for Greater Christchurch Regeneration, and to the Minister of Finance on regulatory reform.

# OUR ROLE

We are responsible for extensive policy, regulatory and service delivery functions that impact on the business environment. This includes responsibility for key legislative and regulatory frameworks, managing public services onshore and offshore, and overseeing ownership interests in business-critical Crown agencies. The role of the Ministry includes:

## LEADERSHIP

**For example:**

- › Co-lead the Government’s Economic Strategy
- › He kai kei aku ringa – the Crown-Māori Economic Growth Partnership
- › Government Centre for Dispute Resolution
- › The Government Regulatory Practice Initiative (G-Reg)
- › Government’s Better for Business work programme
- › Public sector’s procurement and property functional leadership programme
- › Cyber-security incident management through CERT NZ
- › He Poutama Rangatahi – to tackle youth unemployment
- › Digital Economy Programme
- › New Zealand Business Number (NZBN)

## ADVICE

**For example:**

- › Business, enterprise, sector and regional development policies and programmes
- › Building regulations
- › Immigration
- › Employment relations
- › Health and safety at work
- › Consumer protection
- › Accident compensation policy

## INVESTMENT

**For example:**

- › Provincial Growth Fund
- › Invest in science and innovation, and build the skills needed to support business growth
- › Oversee the roll-out of communications infrastructure through the Ultra-Fast Broadband programme, the Rural Broadband Initiative and the Mobile Black Spot Fund

## REGULATORY DELIVERY

**For example:**

- › Consumer protection and occupational regulation
- › Supply and use of the radio spectrum, electricity and gas
- › Minimum employment standards
- › Immigration services
- › Company registration, intellectual property and insolvency services

## OUR OPERATING ENVIRONMENT

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The global environment is rapidly changing, and economies are increasingly connected. We are confronting the cumulative impact of economic and social challenges and opportunities resulting from the changing nature of trade, digitisation, automation, demographic shifts, and climate change and related adverse effects. The ongoing challenge is to build a more productive, sustainable, inclusive and future-ready economy to improve the wellbeing of New Zealanders. Increasing New Zealand's productivity, raising participation in markets and making our prosperity more sustainable, requires improvements in the domestic economy as well as increased international connectedness.

New Zealand needs to build new points of comparative advantage, including by adding greater value in traditional sectors and by taking advantage of the opportunities that advances in technology present to grow the sustainability and market reach of our output.

Our future economy will have a different mix of sectors, jobs and skills. Achieving this transformation will take time, businesses will need more flexible working relationships, and new workers will need to be supported, particularly as they transition between jobs or into new careers.

MBIE's purpose is to grow New Zealand for all. To be successful we need a substantial and sustainable lift in the capacity of the New Zealand economy to grow, while also addressing the community's wider environmental, cultural and social concerns and realising opportunities.

The scale and pace of change means New Zealand's policies need to be well informed, to enable people to be prosperous and resilient and to maximise opportunities for higher living standards for all New Zealanders.

New Zealand's prosperity depends on having a thriving and productive business sector. Our growth pathway needs to be based on a more diversified economy that supplies goods and services to a broader range of international markets.

We must also ensure that everyone has an opportunity to benefit from economic growth. Putting the wellbeing of our people and our communities at the centre of our thinking is critical for achieving an inclusive economy. Economic growth is fundamental to social inclusion, and social inclusion is a contributor to economic growth. We therefore, want all New Zealanders to have opportunity to participate in the economy.

Our environment is our economic foundation. It is woven into the fabric of every New Zealander's health and wellbeing, the country's brand and te ao Māori. Our future growth will need to support the economy to be more sustainable and support a clean, green and low emissions economy.

## GOVERNMENT PRIORITIES

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The Government's economic vision is to improve the wellbeing and living standards of New Zealanders by building a productive, sustainable and inclusive economy. This reflects the Government's commitment to putting the wellbeing of the people of New Zealand, and the health of its environment at the centre of our thinking so that all New Zealanders benefit from growth, now and in future generations.

**The Government has adopted a set of priorities to drive cross-government work programmes. The three key themes are:**

- › building a productive, sustainable and inclusive economy
- › improving the wellbeing of New Zealanders and their families
- › providing new leadership by government.

Government priorities are central to how MBIE operates. MBIE has a key role in the priority of building a productive, sustainable and inclusive economy.

One of the key messages of the Government is that, working together, New Zealand can make the most of the changes it is facing and address its critical challenges. We can do this by transforming our economy to be more productive, more sustainable and more inclusive.

The Government is prepared to play a more active role and will manage the transition to this new economy to ensure it is fair and just for New Zealand's people and businesses.

**The key outcomes to deliver the Government's economic vision for a productive, sustainable and inclusive economy are:**

- › growing and sharing New Zealand's prosperity
- › supporting thriving and sustainable regions
- › delivering responsible governance with a broader measure of success
- › transitioning to a clean, green and carbon neutral New Zealand.

MBIE's strategic intentions for the next four years will support Government priorities and our purpose to grow New Zealand for all.

## OUR STRATEGIC INTENTIONS

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This section outlines our strategic intentions over the next four years.

Our strategic intentions are underpinned by MBIE's purpose and outcomes framework. They support the Government priorities and our purpose to grow New Zealand for all. These strategic intentions show how MBIE will support sustainable economic performance and build an economy that improves wellbeing across New Zealand.

### **MBIE's role in improving the wellbeing of New Zealanders is focused on two goals:**

- › economic performance through productive and sustainable use of resources across New Zealand and
- › participation by ensuring people are confident to participate in fair and thriving markets.

These goals recognise that a strong economy is one in which we use our available resources – the skills, knowledge and time of our people, our natural resources, and our financial and physical capital – in a productive way. We must also balance our current use of resources against future availability, in order to improve the wellbeing of current and future generations.

These goals also recognise that people should be able to participate in the economy and share the benefits of growth. All groups have access to and can participate in well-functioning markets - finance, goods and services, and labour markets. This includes participation in employment, enterprise development, education and training.

### **To pursue these goals, MBIE focuses on five outcome areas. These are:**

- › Prosperous and adaptable people, sectors, and regions
- › People are skilled and engaged in safe and fulfilling work
- › Informed consumers and businesses interacting with confidence
- › Value is sustainably derived from the natural environment
- › A dynamic business environment fostering innovation and international connections.

## OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS, AND REGIONS

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The world will continue to change and evolve at an increasing pace, and it is important that people, sectors and regions can adapt to ensure prosperity now and in the future.

Needs, challenges and opportunities differ across different population groups, regions and sectors. Examining each of these segments allows us to more closely identify areas where we could build on regional and/or national strengths, and address barriers to opportunity or growth.

MBIE will focus on the needs of groups within society to identify those that face significant challenges to achieving their economic potential or to benefit from economic growth. We also want people across cultures, regions and sectors to have opportunities to adapt to the changes that will occur as we transition to a knowledge-intensive, low emissions economy.

Some people experience poor social and economic outcomes that may persist across generations. Income inequality in New Zealand is well above the OECD average. When people are unable to reach their full potential it is a loss to individuals, their communities and to New Zealand's broader capacity to achieve inclusive growth.

Māori have distinct knowledge and cultural approaches. Mātauranga Māori contributes to productivity, prosperity and wellbeing, and has huge potential to lift the New Zealand economy and New Zealanders' overall wellbeing.

New migrants also bring knowledge, and the skills that businesses need to grow but may face hurdles in being able to participate fully and contribute to all aspects of New Zealand life.

By working in partnership with distinct groups we can respond to the particular needs and characteristics of each community, helping them to lift their wellbeing, and realise their economic potential.

An important perspective is the location of economic activity. New Zealand's cities and regions face different challenges and have different resources and opportunities. Maximising New Zealand's economic potential, including cities and non-urban areas, requires all areas of New Zealand to be achieving their potential.

Helping regions to identify opportunities for growth and constraints to development can enable them to improve local economic growth and community wellbeing, and will contribute to New Zealand's overall prosperity.

Changes to the economy, through technological disruption, environmental considerations, natural disasters or the move to low-carbon energy sources, will have different impacts on different communities. Building adaptable and resilient local economies will support communities to adjust to change, and capitalise on new opportunities.

A sector policy perspective provides a way to examine in detail what's working and where there are opportunities in the economy.

Lifting productivity and generating more fulfilling jobs requires business to move into areas that exhibit higher productivity growth or have greater knowledge intensity. This requires existing industries to expand into adjacent areas building on existing strengths, translate volume into value for our significant activities, and for new industries to emerge.

Diversification will ensure New Zealand is more resilient to shocks, and better placed to adopt, adapt and respond to technologies that are new to the world and have potential to change how we live and work. Lifting the amount and impact of research, development and innovation in our system will support regional development, firm diversification, and our communities' ability to adapt, adopt and respond to transformation.

**MBIE's role includes:**

- › policy responsibility for working with industry sectors, enterprises including small business and capital markets
- › responsibility for immigration policy, and helping migrants to settle in New Zealand
- › delivery of regional development programmes
- › providing advice to the Government on creating the environment for productivity and growth in the tourism sector.

**To achieve more prosperous and adaptable people, sectors and regions, MBIE will:**

- › integrate demographic, sectoral and regional perspectives into our policy development across all our areas
- › help support communities to transition in a changing economy and ensure that populations can adapt to change in a just and inclusive manner
- › work with Te Puni Kōkiri to foster Māori economic development
- › support Pacific peoples to reach their potential
- › increase knowledge-intensive activities and exports and build key sectors that can drive growth both at a regional and a national level
- › build inclusive growth and resilience of urban centres
- › create economic development opportunities, sustainable jobs and infrastructure in the provinces to foster regional growth, including through work of the Provincial Development Unit
- › assist new migrants to settle in New Zealand
- › work collaboratively with New Zealand border agencies to protect New Zealand's interests and facilitate the legitimate travellers
- › work effectively with other regulators to identify immigration harm and prevent migrant exploitation
- › work with the tourism sector to increase the value from tourism and address the challenges and opportunities of growth.

**How we will measure success**

We will measure progress towards our outcome of more prosperous and adaptable people, sectors and regions through the following performance measures:

**PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS**

Performance measure	Indicator and source	Baseline and trend
Increase household incomes Split by ethnicity, region <sup>1</sup>	Total real household median weekly income from all sources, by region <i>Stats NZ (SNZ) Labour Market Statistics &amp; SNZ Consumer Price Index</i>	\$1603 in June 2018 Current trend:  Desired trend: 
Increase labour productivity	Labour productivity growth <i>SNZ Productivity Statistics</i>	0.9% in the year to March 2017 Current trend:  Desired trend: 
Decrease income inequality	Percentile ratio (P80:20) of household income after housing costs for all households <sup>2</sup> <i>Ministry for Social Development, Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2016 report</i>	2.97 in 2016 Current trend:  Desired trend: 

<sup>1</sup> This measure will be reported in aggregate and also by ethnicity and region. Ethnicity is split by Māori, Pacific People and 'European or other'

<sup>2</sup> Individuals are ranked by the income of their respective households and divided into 100 equal sized groups; each group is called a percentile. Percentile ratios summarise the relative distance between two points in an income distribution. Here the P80:P20 ratio captures the distance between the 80th percentile and the 20th percentile of household income after housing costs

## OUTCOME TWO: PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK

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For most people, work will be the main way that they earn income. In addition to a source of income, work can provide people with a sense of purpose and allow them to develop skills, experience and social connections.

Businesses need skilled employees – the effective use of skills, knowledge and capital in business drives innovation, productivity, growth and global competitiveness.

Skilled people tend to experience better social and economic outcomes, and are more resilient in periods of change. Skilled employees come either through training new entrants, upskilling the current workforce, or attracting people from overseas to fill shortages.

We want people to have fulfilling work opportunities that provide satisfaction, and fair and adequate remuneration, without harming a person's physical or mental wellbeing.

Work must be healthy and safe, and provide fair employment conditions, and MBIE has a key role to play in this. Workplace incidents and poor employment relations represent significant harm to people and to workers, business and society.

Our labour market also needs to provide flexibility and be responsive to people transitioning into other suitable employment over time. We can expect the way people work, and the types of jobs available, to continue to evolve as the economy transforms, driven particularly by technological change. In an environment of change, it is important that employment regulation and the skills system can respond to changing forms of working arrangements and skill needs.

### MBIE's role includes:

- › responsibility for providing information about the functioning of the labour market, and setting a framework for the labour market that helps maximise employment and social and economic outcomes in New Zealand. MBIE advises on and enforces requirements that employers must meet
- › playing a direct role in the skills system by setting and administering the immigration system and providing advice on overseas skills that might be required. It also influences outcomes through its work focused on specific groups such as youth not in employment, education and training (NEETs)
- › administering and advising on a range of initiatives designed to support the workplace health and safety and employment conditions of New Zealanders, including the:
  - ACC scheme
  - Health and Safety at Work Act
  - Labour Inspectorate which promotes fair competition between businesses and detects and combats practices that exploit workers.

### To achieve more people that are skilled and engaged in safe and fulfilling work, MBIE will:

- › regulate labour markets to ensure a safe, fair and equitable working environment
- › provide advice on the labour market and skills systems to ensure people and businesses have access to the skills they need
- › progress the Future of Work programme responding to workers facing the changing nature of work
- › ensure immigration settings are appropriate to improve the long-term labour market needs of New Zealand business and appropriate for New Zealand's broader economic settings.

## How we will measure success

We will measure progress towards our outcome of ensuring people are skilled and engaged in safe and fulfilling work through the following performance measures:

PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK		
Performance measure	Indicator and source	Baseline and trend
Increase skilled workforce	Qualification attainment rate: Percentage of 25-34 year olds with NZQF level 4 qualifications or above <i>SNZ Labour Market Statistics</i>	58.9% in June 2018 quarter Current trend:  Desired trend:
	Skilled occupation rate <i>SNZ Labour Market Statistics</i>	63.3% March 2018 Current trend:  Desired trend:
Increase skill matching of migrants	Proportion of employed principal migrants whose occupations in New Zealand match their skills and NZ-ready qualifications <i>MBIE Migrant Survey</i>	85% in 2017 Current trend:  Desired trend:
Increase employment Split by ethnicity, region	Total employment rate <i>SNZ Labour Market Statistics</i>	67.7% in June 2018 quarter Current trend:  Desired trend:
Reduce underutilisation Split by ethnicity, region	Total underutilisation rate <sup>3</sup> <i>SNZ Labour Market Statistics</i>	12.0% in June 2018 quarter Current trend:  Desired trend:
Reduce unemployment Split by ethnicity, region	Total unemployment rate <i>SNZ Labour Market Statistics</i>	4.5% in June 2018 quarter Current trend:  Desired trend:
Reduce proportion of people not in employment, education or training (NEET) Split by ethnicity, region	NEET's rate (15-24 years) <i>SNZ Labour Market Statistics</i>	10.9% in June 2018 quarter Current trend:  Desired trend:
Increase pay equity Split by ethnicity, region	Difference in median hourly earnings for men and women <i>SNZ Labour Market Statistics</i>	9.2% in June 2018 Current trend:  Desired trend:
Reduce fatal and serious work-related injury	Fatal injury rate (age standardised rate per 100,000 FTE worker) <i>SNZ Injury Statistics</i>	2.1 for 3 years to 2016 Current trend:  Desired trend:
	Serious non-fatal injury rate (age standardised rate per 100,000 FTE worker) <i>SNZ Injury Statistics</i>	14.3 in 2016 Current trend:  Desired trend:

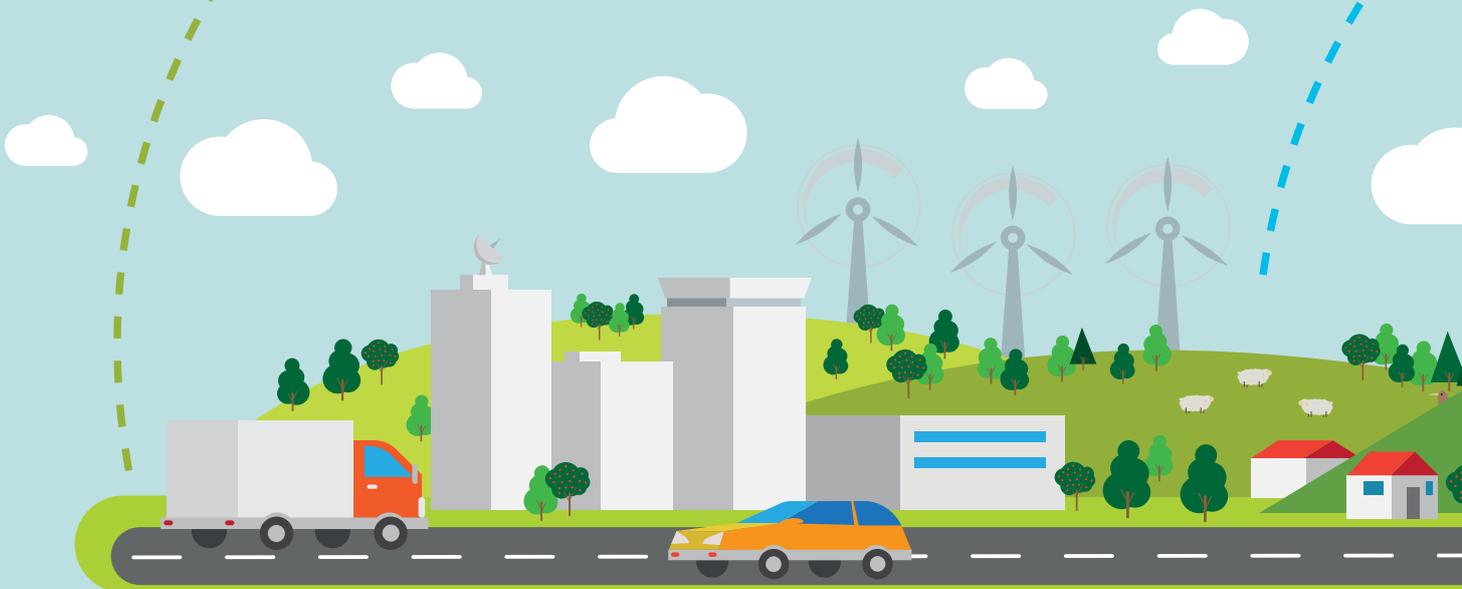
3 Underutilisation reflects people who are employed part time (working fewer than 30 hours a week) and have both the desire and availability to increase the number of hours they work (underemployment). It also includes people who want a job, are available to work but are not looking (available jobseeker), or are looking for work and are not available but will be able to start within the next month (unavailable jobseeker).

# GROW NEW ZEALAND

## Hīkina Wh

### ECONOMIC PERFORMANCE

Productive and sustainable use of resources across New Zealand.



### WHAT SUCCESS

Prosperous and adaptable people, sectors, and regions.

People are skilled and engaged in safe and fulfilling work.

Informed consumers and businesses interacting with confidence.

# LAND FOR ALL

## akatutuki

### PARTICIPATION

People are confident to participate in fair and thriving markets.



### LOOKS LIKE

Value is sustainably derived from the natural environment.

A dynamic business environment fostering innovation and international connections.

## OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE

Well-functioning competitive markets provide direct benefits for market participants and support broader outcomes valued at a collective level. Direct benefits include skilled workers and jobs for those workers, safe goods for consumers, and adequate housing. These direct benefits contribute to broad outcomes such as safe, healthy and vibrant communities as well as civic engagement and trust in institutions.

The Government plays a role in delivering fair markets that thrive. The Government sets the rules, and defines rights in a way that ensures businesses operate effectively and efficiently and people are protected from harm. This gives people confidence to participate in markets which supports sustainable economic performance. Participating in the market covers activities such as purchasing goods and services, employing people or being an employee, being a landlord or tenant, running a business, and the infrastructure needed to support the operation of markets such as communications and buildings.

For people and businesses to be confident to participate in the market, whether buying or selling, they need to be informed about their rights and responsibilities and know that there are mechanisms in place to protect them from harm, including mechanisms to resolve disputes when things go wrong. It is also important that buyers have accurate information about the goods and services they purchase.

Knowing that protections are in place increases everyone's confidence in their economic participation and transactions. This is essential to economic growth and delivering broader outcomes.

### MBIE's role includes:

- › supporting consumers, tenants, landlords, workers and businesses by providing information and services, including administering funding options
- › providing advice on the framework within which market activity occurs, and helping to set and enforce market rules across a diverse range of systems
- › regulatory stewardship to ensure well-regulated markets across 15 regulatory systems. Regulatory stewardship involves policy design through to implementation, monitoring and evaluation

- › primary responsibility for regulating building and construction markets, and providing advice on telecommunications regulation
- › overseeing Tenancy Services to uphold rights and responsibilities of tenants and landlords.

### To achieve informed consumers and businesses interacting with confidence, MBIE will:

- › design, implement, monitor and review regulatory systems to ensure they are achieving their stated objectives, including ensuring that vulnerabilities and opportunities are identified and addressed, with the goal of becoming a world-leading regulatory steward by 2022
- › work in partnership with Crown and external entities responsible for aspects of regulatory systems to ensure these systems support business and protect consumers
- › increase business and consumer confidence in markets by designing, implementing, monitoring and reviewing competition and consumer protection regimes
- › focus on improving the consistency and coordination of government services delivered to businesses
- › use evidence-based insights to collaboratively work with central and local agencies to reimagine the design and delivery of the tools and services businesses need to thrive
- › work closely with business, including small to medium businesses, to ensure the challenges they face are considered in the development of regulation
- › design, implement, monitor and review a cyber-security protection regime
- › improve the quality and safety of buildings by ensuring a well-functioning building and construction market that delivers safe, healthy, affordable and fit-for-purpose residential and commercial buildings
- › work closely with business, including small to medium-sized businesses, to ensure the challenges they face are considered in the development of regulation, and to deliver the tools and services they need to thrive.

## How we will measure success

We will measure progress towards our outcome of informed consumers and businesses interacting with confidence through the following performance measures:

INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE		
Performance measure	Indicator and source	Baseline and trend
Increase consumer awareness	Percentage of adult consumers that know at least a moderate amount about their rights as a consumer <i>MBIE National Consumer Survey</i>	52% in 2016 Current trend: N/A <sup>4</sup> Desired trend:   63.3% March 2018 Current trend:  Desired trend: 
Increase consumer confidence in business	Percentage of adult consumers that agree that in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you <i>MBIE National Consumer Survey</i>	75% in 2016 Current trend: N/A Desired trend: 
Improve access to dispute resolution services	Percentage of consumers that agree there is adequate access to services that help to resolve disputes between consumers and business <i>MBIE National Consumer Survey</i>	50% in 2016 Current trend: N/A Desired trend: 
Increase tenancy mediation satisfaction	Percentage of clients satisfied based on their last interaction with the mediation services <i>MBIE Tenancy Mediation Services Satisfaction Survey</i>	92.46% in June 2018 Current trend:  Desired trend: 
Increase employment mediation customer satisfaction	The percentage of clients satisfied based on their last interaction with the mediation services <i>MBIE Employment Mediation Services Satisfaction Survey</i>	87.5% in March 2018 Current trend:  Desired trend: 
Improve the business experience when dealing with government	Customer Experience Index (CXI) <sup>5</sup> <i>MBIE Better for Business Monitor</i>	57% in June 2018 Current trend:  Desired trend: 
Improve the experience for applicants applying for visas	The percentage of visa applicants satisfied with their overall experience of applying for a visa, <i>MBIE Immigration New Zealand Customer Experience Survey</i>	81% in the year to June 2018 Current trend:  Desired trend: 
Reduce burden of government regulations on institutions	Burden of government regulations on institutions <i>World Economic Forum Global Competitiveness Index 2017–2018</i>	4.3/7 in 2017 (Ranked 7th OECD) Current trend:  Desired trend: 

<sup>4</sup> If the current trend is N/A it means that the data does not go back far enough to establish a clear trend.

<sup>5</sup> The Customer Experience Index (CXI) is a composite index (average) capturing 10 dimensions of businesses experience with all government. There is also a CXI for business experience with MBIE.

## OUTCOME FOUR: VALUE SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT

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The natural environment is integral to our sense of national identity and has great cultural and recreational significance. The natural environment underpins much of our economic activity. Natural resources also dominate our energy production, with the vast majority of our electricity coming from renewable sources.

There are opportunities to derive value from our natural resource base while preserving the natural environment. There is a tension between maximising the value from our carbon-based natural resources while anticipating the transition to a low-carbon economy, but while economic opportunities exist and their use is compatible with our goals around transitioning, it is appropriate for New Zealand to take advantage of them.

Some of New Zealand's biggest contributors to export growth rely heavily on sustainable use of the natural environment, such as tourism and the primary sector. These sectors rely on value being sustainably derived from the natural environment.

### **MBIE'S role includes:**

MBIE plays a supporting role in much of the management of our natural environment. Our key natural resources, such as agricultural land, freshwater or fisheries, are managed by other agencies, and MBIE works with them on a case-by-case basis as required. MBIE's main responsibilities include:

- › managing New Zealand's petroleum and mineral resources, ensuring they are developed in a responsible manner for the benefit of all New Zealanders
- › monitoring and advising on electricity, gas and fuel markets. We work to ensure accessible, secure and environmentally responsible energy is delivered to the country's businesses and residents, effectively using our renewable advantage
- › providing advice on lifting innovation. Through research, science and innovation New Zealand develops the data and technologies to more efficiently and effectively manage natural resources, such as precision agriculture and water monitoring.

MBIE also plays a lead role in developing the settings to support the transition to a low-carbon economy while maintaining secure and affordable energy for New Zealanders.

### **To ensure value is sustainably derived from the natural environment, MBIE will:**

- › improve energy productivity and management of resources
- › support the transition to a low-emissions economy, including through the work of the Just Transitions Unit, and government procurement settings
- › provide oversight of New Zealand's petroleum and mineral industry to make sure it responsibly delivers for New Zealand as we transition to a low-emissions economy
- › explore opportunities through tourism to protect and grow New Zealand's natural environment.

## How we will measure success

We will measure progress towards our outcome of value sustainably derived from the natural environment, through the following performance measures:

VALUE SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT		
Performance measure	Indicator and source	Baseline and trend
Reduce net greenhouse gas emissions ( <i>using levers that MBIE has available</i> )	Net greenhouse gas emissions <i>Ministry for the Environment (MfE) Emissions Tracker</i>	56,373 kt CO <sub>2</sub> -e 2015 Current trend:  Desired trend: 
Increase sustainability of New Zealand's energy system	Percentage of total primary energy supply (TPES) coming from renewables <i>MBIE Energy Statistics</i>	40% in 2016 Current trend:  Desired trend: 
Increase efficiency of New Zealand's energy system	Energy intensity (based on mega joules per dollar of GDP in real 2009/10 prices) <i>MBIE Energy Statistics</i>	2.52 MJ/\$GDP 2016 Current trend:  Desired trend: 

## OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS

The business environment is the context in which businesses operate. It is affected by global economic, social, technological and demographic trends as well as domestic factors such as culture, social norms and more formal influences like regulation.

The type of business environment is important for ensuring the economy grows and delivers the outcomes we want. The dynamism of the market – the churn of businesses entering markets, competing and growing or shrinking – plays an important role in fostering innovative and internationally connected firms. A well-functioning business environment, where there is healthy competition and low barriers to entry and exit, allows people, skills, and capital to flow to where they are best suited or used. This in turn increases productivity and generates economic growth. Connecting small and medium enterprises with government, large business and research institutions can also help drive business performance.

Strong international connections allow New Zealand to tap into skills, capital and value chains that are not able to be nurtured or replicated domestically. The ideas from overseas can be used to find better ways of doing things here.

The Government has a role in supporting a dynamic, connected and innovative business environment. It supports the functioning of the science and innovation system. Innovative firms drive competition in the market, and develop new products and services for consumers. They are therefore an important driver of productivity and market dynamism. As innovative firms generally look internationally from the outset, they are an important cultivator of international connections.

New Zealand needs investment to deliver a dynamic, diversified, high-tech and low carbon economy. However, currently we have a low savings rate, shallow capital markets and our levels of investment in non-housing assets are low. Reducing barriers to investment, addressing distortions to signals for productive investment, and increasing the supply of investment capital will be important to foster future growth.

Government procurement accounts for 18 percent of GDP. Well-designed government procurement can therefore play an important role in encouraging innovation, and building business capability. The way procurement is done can have a direct impact on the economic and social wellbeing of New Zealanders and support broader economic, environmental, social and cultural outcomes.

The Government plays a role in supporting safe and stable financial markets. This allows firms to secure domestic and overseas capital at reasonable cost. This then allows them to invest and grow.

### MBIE's role includes:

- › being the lead advisor on New Zealand's research, science and innovation system, including on lifting business investment in R&D. MBIE also manages the bulk of government's investment in R&D
- › ensuring stable financial management by improving the functioning of our capital markets. This is a regulatory function, and an investment attraction function.

### To achieve a dynamic business environment that fosters innovation and international connections, MBIE will:

- › develop initiatives that make it easier for business to work with government, and support the Small Business Council to identify strategic opportunities for improving performance of the business sector
- › build government procurement practices and environment that supports New Zealand business experience, capability and innovation
- › foster an environment that supports increased international trade and quality investment, including advice on barriers to trade and international regulatory cooperation
- › encourage an increasing capital supply and more productive investment to support a thriving economy
- › advise on financial market regulation
- › work with other agencies, particularly New Zealand Trade and Enterprise, to give New Zealand businesses a competitive edge in the global market

- › develop initiatives to lift New Zealand’s investment in R&D, including by incentivising business expenditure on R&D
  - › maximise the impact of our science investments
  - › support the growth of New Zealand’s digital sector
- and the uptake and smart use of ICT across the economy
- › oversee the application of competition policy to ensure a competitive environment that supports innovative and efficient businesses.

## How we will measure success

We will measure progress towards our outcome of a dynamic business environment fostering innovation and international connections through the following performance measures:

A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS		
Performance measure	Indicator and source	Baseline and trend
Increase the proportion of businesses exporting	Percentage of firms exporting <i>SNZ Business Operations Survey</i>	23.7% in 2017 Current trend:  Desired trend:
Increase in firms collaborating internationally for innovation	Percentage of firms collaborating internationally for innovation <i>SNZ Business Operations Survey and Integrated Data Infrastructure</i>	4.2% in 2017 <sup>6</sup> Current trend:  Desired trend:
Increase in firms reporting innovative activity	Firm innovation rate <i>SNZ Business Operations Survey</i>	47% in 2017 Current trend:  Desired trend:
Increase business research and development expenditure	Business expenditure on research and development as a percentage of GDP <i>SNZ R&amp;D Survey</i>	0.64% in 2016 Current trend:  Desired trend:
Increase access to ultra-fast broadband	Percentage of households and businesses able to connect to ultra-fast broadband in New Zealand <i>MBIE Broadband Deployment Update</i>	70% in June 2018 Current trend:  Desired trend:
Increase business dynamism	Average 5-year growth in employment in new businesses <i>SNZ Integrated Data Infrastructure</i>	26.5% in 2016 <sup>6</sup> Current trend:  Desired trend:
Increase capital intensity	Net capital stock per capita <i>SNZ National Accounts</i>	\$138,676 in 2017 Current trend:  Desired trend:
Increase productive capital investment	Proportion of net capital stock that is not residential <i>SNZ National Accounts</i>	56.4% in 2017 Current trend:  Desired trend:
Increase early stage capital investment	Capital investment in early stage companies <i>Young Company Finance Index, New Zealand Venture Capital Association, Venture Capital and Private Equity Monitor; MBIE</i>	\$164.8 million in 2017 Current trend:  Desired trend:
Improve quality of foreign direct investment (FDI)	Potential direct economic impact (pDEI) multiplier: ratio of pDEI to FDI <sup>7</sup> <i>New Zealand Trade and Enterprise (NZTE)</i>	2.8 in year to June 2018 Current trend:  Desired trend:
Maintain position in the World Bank Ease of Doing Business Survey	Ease of doing business ranking <i>World Bank Ease of Doing Business Survey 2018</i>	Ranked 1st 2018 Current trend:  Desired trend:

<sup>6</sup> Access to the anonymised data used for this measure was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975 and secrecy provisions of the Tax Administration Act 1994. The results in this paper have been confidentialised to protect individual businesses from identification. See Appendix II for the full disclaimer.

<sup>7</sup> Potential Direct Economic Impact (pDEI) is a tool used by NZTE to estimate the potential benefits from its involvement in successful cases of FDI. This measure is calculated using the increase in profits, wages and supplier spend for every dollar investment from FDI and capital mobilisation deals over \$1 million. The pDEI multiplier is a proxy of economic impact to dollar of FDI attracted (FDI quality).

## OUR LEADERSHIP AND GOVERNANCE

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### Senior Leadership Team

MBIE's Senior Leadership Team (SLT) includes our Chief Executive, seven deputy chief executives (DCE), Head of the Chief Executive's Office, and Head of the Provincial Development Unit.

The team ensures we focus our efforts and resources in the right areas at the right time. It also works to establish systems and processes so MBIE can perform effectively.

SLT's operating model supports it to undertake a strategic governance role. The structure, including other governance bodies (see below), allows the endorsement of pan-MBIE operational matters with efficiency and awareness across the organisation. The operating model focuses on organisational performance and ensures MBIE is positioned to deliver on its priorities and purpose.

The SLT operating model:

- › ensures SLT has the capacity to strategically govern MBIE and take a system leadership role
- › allows the extended leadership team (SLT and general managers) to work effectively to support successful organisational leadership at MBIE
- › assists SLT in its collective stewardship role and lets it focus on medium to long-term planning
- › provides a best-practice framework to ensure quality of commissioning by SLT, advice by MBIE, decisions by SLT and communication and implementation of decisions by SLT and MBIE.

### Other governance bodies

#### Finance Sub Committee

This sub committee of SLT oversees MBIE's financial strategy, ensuring its medium and long-term sustainability.

#### Policy and Procedures Sub Committee

This sub committee provides a mechanism for the endorsement of internal policies, procedures and pan-MBIE operational matters.

#### Regulatory Governance Board

The board provides stewardship for MBIE's regulatory systems and strategy, and promotes the better connection of MBIE's policy, legal and operational functions.

#### Risk and Advisory Committee

This committee provides the Chief Executive insight on critical issues that underpin organisational capability and delivery. It has a specific focus on strategic, financial, operational and reputational risks. It includes external advisory members.

#### Wellbeing, Health, Safety and Security Committee

This committee has overall responsibility for wellbeing, health and safety and security at MBIE.

#### Investment Board

The Board is MBIE's primary governance body overseeing project related activities and investment requirements, including new investments. It ensures appropriate enterprise-wide investment decisions are made, including balancing of trade-offs between competing internal and external priorities, in order to maintain an optimised investment profile with regards to risk, cost, verifiable benefits and resourcing to deliver on agreed priorities.

## OUR CAPABILITY AND STEWARDSHIP

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We value the diversity, talent and integrity of our people. By reflecting the communities we serve, we can deliver great results for all New Zealanders.

We want to make sure MBIE is a great place to work by empowering our people. To do this, we have developed a set of organisational priorities:

1. **Wellbeing, health and safety:** We want everyone to enjoy work and go home safely every day. To do this, we are making wellbeing, health and safety a key part of our organisational thinking. We developed the Ora wellness strategy and training programme. The strategy covers bullying and harassment, along with behavioural safety, mental health, fatigue, drugs and alcohol, stress and health monitoring.
2. **Inclusion and diversity:** We encourage a positive workplace culture where we welcome diversity. This makes people feel they belong and increases their sense of purpose. We are working on closing our gender and ethnic pay gaps and making sure we have fit-for-purpose facilities, technology and resources to allow us to be more accessible and flexible in how we work. We encourage staff-led networks and have the following operating:
  - Ngāi Kahukura – Rainbow Network
  - Women in Leadership
  - Te Aumangea – Mental Health Network
  - Te Aka Matua – Māori Staff Network.
  - Pasifika Staff Network
  - Asia Literacy Network.
3. **Spirit of service:** Making a difference for our families, our communities and our regions is a strong motivator for many MBIE people. We are privileged to help people and New Zealand flourish through the work we do. We want to recognise and understand how our professionalism and our contributions help us to grow New Zealand for all. The supporting work programme includes sharing ideas about how we approach our work and learn from other areas across our organisation. We will celebrate our achievements and successes.
4. **Growing great talent:** To meet our business goals it is crucial that we develop and support our greatest asset – our people. We attract diverse talent so that we can adapt to our changing environment and deliver effectively to the communities we serve. Developing people's skills is not only the right thing to do, it also creates an engaged work environment and improves performance. To support personal and professional development, MBIE offers:
  - online learning and development resources through Learn@MBIE on its intranet
  - graduate programmes, including a focus on attracting Māori and Pasifika graduates
  - support for staff and managers to map their career pathways. The public sector-wide Leadership Success Profile was integrated into our recruitment and performance and development processes from July 2017, with a further roll-out in 2018/19.

## OUR INVESTMENT AND ASSET PERFORMANCE

MBIE's assets support our ability to deliver successfully against our strategic intentions. To achieve the level of support required, we have an asset management policy. The policy sets out our commitment and direction for asset management and defines the principles that underpin our asset management practices. Additionally, it guides how we plan for purchases, and maintain and monitor our assets. This helps ensure that purchase decisions are made wisely, making the best use of MBIE resources, and that assets are actively managed through their useful life.

### Asset management policy

To ensure we meet performance expectations MBIE will demonstrate our commitment by:

- › ensuring that assets are effectively and sustainably managed at optimal whole-of-lifecycle cost to meet MBIE's strategic objectives
- › ensuring asset management decisions are based on good quality and timely asset data
- › ensuring that employees have the appropriate asset-management competencies
- › facilitating regular audit and management reviews of the asset-management system
- › regularly reviewing and benchmarking the economic and technical performance of the assets
- › agreeing levels of asset performance for existing and new assets and regularly monitoring that performance
- › ensuring sufficient funding is available for future asset replacements to maintain agreed levels of service.

In addition to the asset management policy, and as part of the continuous improvement programme identified through the Investor Confidence Rating (ICR), MBIE is rolling out in 2018/19 investment planning and asset management capabilities that implement the objectives outlined in the policy in 2018/19.

Our assets consist mainly of property, and information, communications and technology (ICT) assets. The asset performance measures for these are set out below as reported in MBIE's Annual Report and to the Treasury via the Investor Confidence Rating (ICR).

### Property assets

The measures relate to staff-occupied properties and ensure that they are being well managed and heading towards achieving the targets.

MEASURE	TARGET
<p>Office space utilisation per square metre per employee.</p> <p>The square metre per employee is an utilisation measure that helps MBIE to understand how efficiently we are using space by dividing the square metres by the number of employees. Customer-facing space is excluded from this calculation. We also use this figure to help project space for future staff demands.</p>	14.0m <sup>2</sup>
<p>Staff office space will be above 70% New Building Standard (NBS).</p> <p>It is important that MBIE houses our staff in buildings that have a sufficient seismic rating. A property at 70% of NBS, which is the benchmark we have set, should preserve life, and be largely functional following a large earthquake. An earthquake that would structurally damage a building beyond 70% of NBS would likely affect the surrounding areas of the property, thus creating a red zone and therefore the building may be tenantable but unable to be accessed for a period of time.</p>	100%
<p>Staff offices with a building warrant of fitness (BWOF).</p> <p>A BWOF demonstrates that the property has compliant mechanical and life safety systems. Depending on the specific item (such as air conditioning), the systems need to be checked either monthly or quarterly, and then again annually by an independently qualified person. Only once all of the annual checks have been completed can a BWOF be issued.</p>	100%

## Information and Communications Technology (ICT) assets

The measures below show that ICT services across MBIE are operationally stable and performing to, or close to, target services levels.

MEASURE	TARGET
System availability across critical business systems Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	99.90%
System availability across non-critical business systems Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	97.50%
Fault resolution performance for critical systems – Priority 1 Percentage of Priority 1 outage restorations that are within target timeframes. Priority 1 = failure of a core business service, security breach or environmental incident (e.g., earthquake).	100%
Fault resolution performance for critical systems – Priority 2 Percentage of Priority 2 outage restorations that are within target timeframes. Priority 2 = partial failure or degradation of a core business service.	90%
ICT system warrant of fitness assessment 100% of systems are classified as having the expected capability for the position they are in within their asset lifecycle. Systems having the expected capability must be considered to be one of the following: <ul style="list-style-type: none"> <li>› meeting requirements with some limited level of operational enhancements scheduled</li> <li>› have planned continuous improvement programme in place</li> <li>› have an end of life in line with life expectancy for the system, with a planned replacement.</li> </ul>	100%

## APPENDIX ONE: OUR CROWN ENTITY PARTNERS

MBIE’s Crown entity partners make a significant contribution towards its outcomes. The diagram below shows the links between our Crown entity partners’ main activities and our outcomes, and shows the portfolio responsible for them.

MINISTERIAL PORTFOLIO CROWN ENTITIES	PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS	SKILLED PEOPLE ENGAGED IN SAFE AND FULFILLING WORK
<b>ACC</b> Accident Compensation Corporation*		✓
<b>Broadcasting, Communications and Digital Media</b> Crown Infrastructure Partners	✓	
<b>Commerce and Consumer Affairs</b> Accreditation Council Commerce Commission Commission for Financial Capability Financial Markets Authority External Reporting Board Takeovers Panel		
<b>Economic Development</b> NZ Trade and Enterprise NZ Venture Investment Fund	✓	
<b>Education</b> Education NZ** Tertiary Education Council**	✓ ✓	✓ ✓
<b>Energy and Resources</b> Electricity Authority Energy Efficiency and Conservation Authority		
<b>Research Science and Innovation</b> Callaghan Innovation REANNZ (Research and Education Advanced Network NZ Ltd) <b>Crown Research Institutes:</b> AgResearch GNS Science Institute of Environmental Science and Research Manaaki Whenua Landcare Research National Institute of Water and Atmospheric Research (NIWA) Plant and Food Research Scion (NZ Forest Institute)	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓	
<b>Tourism</b> Tourism NZ	✓	
<b>Workplace Relations and Safety</b> WorkSafe NZ		✓

\* Monitored by the Treasury

\*\* Monitored by the Ministry of Education



## APPENDIX TWO: DISCLAIMER

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The two indicated performance measures under outcome five are not official statistics; they have been created for research purposes from the Integrated Data Infrastructure (IDI) managed by Statistics New Zealand.

The opinions, findings, recommendations and conclusions expressed in this report are those of the author(s), not Statistics NZ.

Access to the anonymised data used for these measures was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business or organisation and the results in this report have been confidentialised to protect these groups from identification.

Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from [www.stats.govt.nz](http://www.stats.govt.nz).

The results are based in part on tax data supplied by Inland Revenue to Statistics NZ under the Tax Administration Act 1994. This tax data must be used only for statistical purposes, and no individual information may be published or disclosed in any other form, or provided to Inland Revenue for administrative or regulatory purposes.

Any person who has had access to the unit-record data has certified that they have been shown, have read, and have understood section 81 of the Tax Administration Act 1994, which relates to secrecy. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.



