Welcome
and introduction

Patrick Nolan: Good morning everyone. There's a lot of useful bilateral discussions going on, but in order to try and keep to time I'm going to kick us off now.

We will be recording the event today to produce a transcript, so please do bear that in mind. We will have microphones that will come round when we're asking for the question and answer session, so when you're asking a question, please do identify yourself and where you're from. And also for those speakers at the top table, bear in mind that these mics, to make them live you press the green button as well.

Now we're also aiming to make today as interactive as possible; this is a working event. Luckily, the Wellington weather has cooperated and it's no longer sunny, so this is good working weather. The theme of the day is how we can grow more innovative and productive Kiwi firms. We have a hashtag there [#innovatenz], so please do feel free to tweet the event. I'll be monitoring Twitter throughout the event and any of the best tweets will get read out – so there's your chance for a little bit more glory. Please do tweet, and I look forward to reading those.

I must mention the sponsors of today. We simply couldn't do an event like this and make it free to attendees without the support of a number of sponsors. They're listed up on the slide there, as you can see, and so thank you to the sponsors. We're very grateful for your support. And I think that's just about enough in terms of housekeeping.

I'm thrilled to be able to introduce Gary Dunnet, who's going to kick us off today. Gary is the Senior Manager, National Accounts, Statistics New Zealand. He's a career official statistician with a long career at Statistics New Zealand. He's worked at the Central Statistics Office of Ireland and the Australian Bureau of Statistics and he's worked extensively in both the European and Asian international statistical area, and was recently appointed to the bureau of the OECD Working Party for National Accounts. He's also, I should say, a member of the Productivity Hub Board. So thank you, Gary, and I'm looking forward to your opening remarks.

Welcome:

Gary Dunnet, Statistics New Zealand

Gary Dunnet: Kia ora tātou. I'm here today to both welcome you to the Symposium on behalf of Liz MacPherson, our Chief Executive and Government Statistician, but also to set the scene for the day.

Statistics New Zealand is charged with measuring the nation's performance, and as you probably know, we do this by gathering data and information on an increasingly wide range of topics.

As the world changes, we need to change as well. Last year Statistics New Zealand reassessed our longer term direction and realised that we needed to change our strategic direction and it would be fair to say we've challenged ourselves in the process. So we started with our vision which is now "to unleash the power of data to change lives". As good statisticians we set ourselves an ambitious target of doubling the value of data by 2018.

We've identified four key roles as part of delivering the value to decision makers: those of provider, enabler, innovator and steward. They will help us clarify what we need to focus on to deliver on our vision. But we remain committed to providing New Zealand's most trusted and important data and statistics.

> Across government, it is recognised that there are huge opportunities of utilising integrated data to benefit New Zealand, but everyone is aware there are both risks and opportunities.

We are seeing that data and information is becoming ubiquitous and we recognise the need to take a greater outside-in view. We want to transform and innovate to be a leader of enabling the data ecosystem. Ultimately, this is about empowering New Zealanders by making it easy for them to access and use trusted data to make informed decisions. Across government, it is recognised that there are huge opportunities of utilising integrated data to benefit New Zealand, but everyone is aware there are both risks and opportunities.

The New Zealand Data Futures Forum was established to explore the potential benefits and risks of sharing, linking and using data. The key driver here is for New Zealand to treat data as a strategic asset and utilise it. However, data can't accomplish things on its own. Ultimately it is about people, relationships and particularly partnerships.

Partnerships across government and the private sector are essential for us to be successful in our work. I believe a great example of an effective partnership is the Productivity Hub and the work programme that it has established. By working in partnership we bring together areas of expertise and knowledge to create value to truly unleash the power of data for New Zealand to be truly productive.

> …an increased use of data to drive innovation could deliver $4.5 billion in benefits to New Zealand over the next five years. So what is our role in achieving this?

If we are not successful in this, we will not be successful in creating more innovative and productive Kiwi businesses. To try and bring this into perspective, there is an increasing number of reports concluding that New Zealand is not securing the potential benefits of data-driven innovation. I recently saw a report that estimated that an increased use of data to drive innovation could deliver $4.5 billion in benefits to New Zealand over the next five years. So what is our role in achieving this?

Let me talk a little bit about the Productivity Hub and some of its achievements. The Hub's goals are fourfold.

- Firstly, connecting people to establish a community of like-minded individuals across academia, public, private and voluntary sectors with an interest in productivity research and making the best use of knowledge and the research.

- Secondly, capability development.

- Thirdly, shaping research agendas and creating opportunities to collaborate on research work.

- And finally, sharing research by providing a platform where research, data and analysis can be exchanged, for example, events such as this one. Over the last year the Productivity Hub has delivered a number of papers and hosted a number of discussion fora.

Good research needs good data. In New Zealand there are two complementary sources of data used in productivity analysis.

- Firstly, there is the official macroeconomic productivity measures for the total economy and industry for which I am responsible.

- Secondly, there is increasingly-available micro-data that enables productivity analysis at the meso and micro level.

Statistics New Zealand's longitudinal business database (LBD) is considered a world-leading, integrated data set covering New Zealand firms. Having access to firm-level data means that researchers can explore questions that aren't possible with aggregate data and look at the firm and industry impacts on productivity. Such granularity also means that policy interventions, which are generally taken at the micro level, can be better informed.

Now I'm a keen advocate for understanding what is driving productivity in the growth of New Zealand economy, especially the micro, meso, macro linkages. For the day ahead I am looking forward to gaining a greater understanding of these linkages and exploring how better to measure these. I should also note that as part of the organising committee, I know that there are many more pieces of work that could have been added to the agenda that would continue to add to the debate. With many of the authors in the room, I hope that the roundtable discussions will draw on this knowledge base that collectively each of you bring.

The presentations you're about to see are great exemplars of data used to truly influence policy. Over recent years, Statistics New Zealand has worked to improve access to data and this is certainly a priority for the organisation going forward. I think one of the greatest recent achievements has been the distribution of data lab facilities to places like the Productivity Commission, Treasury and numerous universities, but we do recognise there is still a way to go for improved access.

Now a broad outline for the day. The day starts with scene setting of the New Zealand issues and then we move on to international evidence. In particular, the first panel raises a number of questions and challenges, such as how

government and business can work together to encourage innovation, the importance of looking at markets in new ways, or so-called market innovation, and the importance of getting researchers to work across networks. This is then followed by keynote addresses from the New Zealand and UK Treasuries which link innovation and productivity back to a broader economic narrative.

The focus of the design of policy responses will then be continued by Beth Webster and Adam Jaffe who will discuss the design of R&D support schemes. Finally, Bronwyn Hall and Eric Bartelsman, along with their New Zealand discussants, will tell us where the international economic literature points us. Bronwyn and Simon Wakeman discuss the relationship between innovation and productivity among

New Zealand firms and Simon will present some new evidence from the LBD. Eric and Peter Crabtree will then talk on ICT, innovation and productivity growth before Murray Sherwin draws the day to a close with the summary of the key messages that have emerged.

In developing the day, the Productivity Hub had hoped that the conversations would take over the presentations, in that we all have an offering in the sector and that the presentations should be seen as conversation starters.

So I wish to leave you with a challenge. At the end of the day you should each try and have either one contact that you will follow up or take away an interesting data idea that you discuss in your workplace tomorrow or ponder further.

So enjoy the day. [Applause]

Discussion

Patrick Nolan: Thank you Gary. I've got just one quick question. You discussed particularly the use of micro-data and what we can actually do with the LBD now, which is quite, quite incredible. And we had a very good session on this yesterday at the Government Economics Network Conference. I guess the challenge is, how do we make it real? How do we connect to a broader audience with that sort of work?

Gary Dunnet: Well, I think one of the challenges which is facing a lot of agencies – and Statistics New Zealand is no different – is how do we communicate our data and statistics to our end users? Whether that be policy analysts or even the general user in the street. And I think what we'd have to try and do is grab some of those nuggets of information that are inside our research, and we're doing great research, but grabbing some of those nuggets and articulating them to the public.

> …"so what does that mean to my plumber in Masterton?" …through this research we've identified things like how the uptake of broadband leads to a measurable increase in productivity. And how good HR practices lower your staff turnover.

I reflect on a conversation that we were having with the Minister of Statistics where Patrick and Paul came along to talk to him about the Productivity Hub and the work around the LBD, and I was there as an official. And then the Minister in his usual way said, "so what does that mean to my plumber in Masterton?" And "what's his take-home message?" So I was able to say through this research we've identified things like how the uptake of broadband leads to a measurable increase in productivity. And how good HR practices lower your staff turnover. So that if we can get that plumber thinking well, actually, how can I take up broadband, or consider new HR practices like talking to my staff on a Monday about what they've done over the weekend. Getting that sort of understanding across to the public would be useful in our desire to grow more innovative and productive firms.

Patrick Nolan: Thank you Gary. [Applause]