

Statistics New Zealand's Business Frame Its Use and Problems Faced in Maintenance

Andrew Hunter

**Manager - Business Financial & Structural Statistics
Statistics New Zealand**

In 1997 Statistics New Zealand made the decision to cease its annual Agriculture Production Survey in response to a reduction in funding. As a consequence of this decision the updating of agriculture enterprises on Statistics NZ's Business Frame (BF) also ceased, apart from limited maintenance based on tax information. Existing agriculture units on the BF were also not maintained during this period.

Subsequently, ongoing funding for annual surveys of agricultural production was obtained and the agriculture statistics programme reinstated. The first collection in this programme, the Agricultural Production Census 2002, was undertaken for the year ended 30 June 2002.

A review of both potential land and financial based frames undertaken prior to the Census concluded that none was sufficiently up to date or had the required level of coverage to use as a statistical frame for agriculture. The solution chosen to address this issue was to update and expand the population of farms held on the existing BF using the Inland Revenue Department's (IRD) Client Register. This register consists of all persons and businesses registered with the IRD.

This solution was based on the assumption that the most up to date source of information on agricultural production units was the tax system and specifically the Client Register. It is assumed that because of tax requirements all units engaged in significant legitimate agriculture activity will be registered with IRD and therefore that coverage will be more complete.

Survey feedback as well as ongoing BF maintenance processes have been used to refine and update the BF. The Client Register still provides the main source of information on births and deaths.

The advantages of this approach include:

1. It is more likely to identify:
 - The most significant contributors to the agricultural industry
 - BF units which have moved in or out of scope
 - Businesses engaged in agricultural activities which are not registered for GST.
2. It utilises the strengths of the BF. In particular:
 - The well-established maintenance system which births new units and removes ceased units.
 - The absence of legal constraints on using survey feedback to maintain farm units on the frame.

- Well defined standards and classifications.
- The BF is well understood by survey practitioners and has been designed as a source for survey frames.

The initial frame identified 93,000 farms (against an estimated population of 65,000 farms). Chief among the reasons for this is the practice of multiple IRD numbers relating to the same farm. It is not unusual for the same farm to have separate IRD numbers for the individual owners, the partnership between them, and the trust which owns the land. One industry organisation has indicated from its farm survey that the average number of IRD numbers per farm is 2.2.

To identify and manage these units the survey form asked farmers to advise if they received more than one form for the same farm. This information was used to update the BF so that the farm was only represented once in the survey. Difficulties experienced with this approach were that it was not always obvious which IRD number correctly identified the activity of the farm. This is a problem if the IRD entity is subsequently deregistered but the farm continues to operate under a different number. These occurrences are being corrected as they are identified.

Because of the lack of maintenance of agricultural units on the BF between 1997 & 2000 we chose to be cautious in selecting units for the population however if the unit was alive on the IRD register; with any indication of agricultural activity it was included. As it can take some time for a unit to be ceased by the IRD (because of on-going tax obligations) this approach led to the initial frame including units which were no longer farming. Survey feedback is being used to identify these units and take them out of the population.

The approach taken could not identify those units which had purchased an additional farm/s subsequent to registering with IRD, so farmers were asked to advise if they had more farms than they had forms. These units were also birthed onto the BF.

Lifestyle blocks / hobby farms are an increasing feature of the rural landscape in New Zealand and there is a lot of interest from users in their level of production. Many of these are not identifiable on either IRD or the BF at present and are therefore not included on the frame or the estimates of production. The impact of this on the outputs is unknown although a recent survey of this sector may provide some information in the near future.

The frame is now maintained via feedback from the agriculture surveys in combination with information provided by IRD. This includes new registrations, deregistrations, other deaths and changes of activity. The volume of initial updates required has meant that it was only in September 2004 that updating based on the 2002 census and 2003 survey was completed. With the exception of those enterprises who have failed to respond to the agriculture surveys the BF is now up to date and we expect to be able to maintain it in this state in a timely manner.