

Help shape the future of industrial classifications in Aotearoa New Zealand





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Purpose

Stats NZ Tatauranga Aotearoa is seeking feedback to help shape the future of the industrial classification used in Aotearoa New Zealand.

This paper is the start of a consultation process about industrial classifications in Aotearoa New Zealand. We want to understand the current use of the industrial classifications, and also signal opportunities for change, for example, in relation to updates being made to the International Standard Industrial Classification of all economic activities (ISIC). This paper provides some high-level information about the updates to the ISIC to build awareness with customers of these upcoming changes.

We are seeking feedback from everyone with an interest in the industrial classifications on:

- how the current industrial classifications are used, and their benefits and limitations in relation to customer needs
- opportunities, concerns, and issues for us to evaluate in considering the future of industrial classifications in Aotearoa New Zealand
- for intensive users of the industrial classifications, we seek your feedback on some of the key changes being made to ISIC (known as ISIC revision 5) and our initial thoughts on some options around these (this detail is available from page 7 of this document).

This feedback will be used to define and assess a set of options for consideration. We will seek further feedback on these options.

Stats NZ intends to collate feedback from customers and partners until the end of April 2024. We will then synthesise that feedback into a summary document which sets out the key messages that we have received and the options for moving forward.

To submit your feedback, email econstatsfuture@stats.govt.nz.

Introduction

As Aotearoa New Zealand's official statistical agency, Stats NZ owns and maintains the classification that is used to classify industrial activity across Aotearoa New Zealand. Classifications are important because they allow customers to view outputs by logical groupings, and to understand the drivers of change across aggregate outputs.

The industrial classification currently used in Aotearoa New Zealand was jointly developed with the Australian Bureau of Statistics (ABS) and is known as the Australian and New Zealand Standard Industrial Classification (2006 edition) or ANZSIC06.¹

International standards are a key part of economic statistics, and national statistical offices are required to align with these as much as possible, to maintain international comparability. Several² of

¹ Full classification is here: [Ariā - Classifications \(stats.govt.nz\)](#).

² Other international standards being updated are Balance of Payments Manual (BPM), System of National Accounts (SNA), and Central Product Classification.

these international standards are currently being updated, including the International Standard Industrial Classification (ISIC).

To continue to maintain international comparability and ensure statistics remain reflective of the real world and meet customer needs, we will be evaluating Aotearoa New Zealand's industrial classification and assessing what updates may be required.

How to submit your feedback

We are seeking feedback on the following points.

- How do you currently use the ANZSIC06 and related classifications (such as the Inland Revenue Business Industry Code (BIC) and New Zealand Standard Industrial Output Classification (NZSIOC))?
- Is there anything from a Te Tiriti or te Ao Māori lens that we should consider in the classifications? What industries are important for Māori businesses and Tatauranga umanga Māori?
- Stats NZ is aware that an industrial classification based on assigning business to industries based on their productive activities may not fully represent a Te Ao Māori view. There may be potential to enhance the classification, or it may be that an Ao Māori lens is best addressed via another classification. We are interested in your views on this.
- Are there any weaknesses / limitations that you would like to be addressed regarding ANZSIC06 and related classifications?
- What impacts or challenges do you foresee if we were to make changes to the industrial classification?
- Any other feedback.
- For intensive users of industrial classifications: what challenges and/or weaknesses do you see with ISIC Rev 5? What do you feel needs to be amended to suit the Aotearoa New Zealand context?
- There are some specific questions about particular detailed changes (see [refer to section instead of page]) that intensive users of the industrial classification may wish to comment on. These set out specific changes and differences between the ANZSIC06 and ISIC Rev 5 classifications (noting that no decision about which to use has been made), what the likely impacts of those differences are, and what options exist to manage those impacts.

Reflecting an Ao Māori view

Stats NZ Tatauranga Aotearoa is committed to reflecting Te Ao Māori across our range of products.

We recognise that an industrial classification, or the concept of classifying businesses according to their production function is primarily predicated on a Pākehā world view, specifically Western European concepts. As a result there may be challenges in incorporating an Ao Māori view within either ANZSIC06 or ISIC.

We do not have a first view at this stage as to whether this type of classification is the best vehicle to meet an Ao Māori view or Te Tiriti partner needs more generally. It may be, for example, that a different, supplementary classification is needed to sit alongside ANZSIC06 or ISIC.

We welcome the views of our Te Tiriti partners, Māori, iwi, and hapū more generally on this. We intend to engage with Māori on implications and options for ways forward, though in advance of this any interested parties are welcome to contact us in the first instance via econstatsfuture@stats.govt.nz.

About ANZSIC06

ANZSIC06 is a classification used across Australia and Aotearoa New Zealand to group together common types of industrial activity. It is a standard framework under which businesses carrying out similar types of activity can be grouped together for analysis and other purposes. Classifications can also be used to readily compare industrial activity across countries; ANZSIC06 was designed to allow this to be done across the Aotearoa New Zealand and Australian economies.

ANZSIC was last comprehensively reviewed in 2006 (ANZSIC06).

Drivers for change

In order to be useful, classifications must remain relevant. Since the ANZSIC was last comprehensively updated in 2006, the structure of Aotearoa New Zealand's economy, like that of Australia and other countries, has undergone significant change.

Many of these changes have been signalled in [Measuring an inclusive and sustainable economy](#), itself informed by The United Nations report *Shaping the trends of our time* and other work. In the industrial production space, key changes include the growth of digitally based activity in general, the offshoring of manufacturing, and the rise of digital intermediaries bringing together providers and customers primarily (in Aotearoa New Zealand) in the accommodation, transport, and food industries.

Australia has already conducted a consultation on the ANZSIC06 classification responding to the same drivers and is considering change (see [Help shape the future of classification on industries in Australia](#)).

Because ANZSIC06 is a joint classification between Australia and Aotearoa New Zealand, this presents an additional driver for change over and above economic structural changes more generally.

About ISIC

The International Standard Industrial Classification (ISIC) is maintained by the United Nations Statistical Division (UNSD) in collaboration with statistical and other international economic agencies. Like ANZSIC, ISIC is a hierarchical classification based on top-level sections and divisions (for example, C – Manufacturing) underpinned by finer level definitions at different levels (for example, C10 – Manufacture of food products). The original ANZSIC was based on ISIC and the North American Industry Classification System (NAICS), so a large amount of commonality exists.

The latest version of ISIC is known as ISIC Revision 5 (ISIC Rev 5).

The ABS have just completed a consultation with customers on the use of ANZSIC06, and are exploring options, one of which is to replace it with ISIC Rev 5.

What we are proposing

If the ABS decides not to support the ongoing maintenance of ANZSIC, we are considering the following options for Aotearoa New Zealand.

1. Continue to use the ANZSIC06 classification 'as is'. Accept a lower level of comparability with Australia, and further accept that some new and emerging industries may not be explicitly visible, and that some customer needs may not be met.
2. Continue to use the ANZSIC06 classification, with Stats NZ taking sole responsibility for updating the classification to reflect new and emerging industries and topic of interest. If the ABS were to continue to use ANZSIC06, this responsibility would be shared.
3. Adopt ISIC 'as is'. This would mean that some industries which are of importance to customers in Aotearoa New Zealand may no longer be visible. Some examples are summarised later in this document.
4. Adopt ISIC and 'tweak' for an Aotearoa New Zealand context, deviating from the core standard and/or adding extra detail where necessary.
5. Adopt ISIC and 'tweak' for an Aotearoa New Zealand and Australian context, with the aim being to reflect the needs of customers in Aotearoa New Zealand while maintaining as much comparability as possible with Australia.

In order to determine the full spectrum of options and the most viable of these, we are seeking customer feedback so customer needs are reflected in our definition of options for an updated industrial classification used in Aotearoa New Zealand.

ISIC Rev 5 versus ANZSIC06

Because ISIC Rev 5 and ANZSIC06 share a common basis they are broadly similar in terms of structure.

Both classifications begin with primary production (agriculture and mining) then flow on through manufacturing, utilities, and construction, and continue to follow similar divisions through to services.

In some cases, ISIC Rev 5 has less detail than ANZSIC06 and there are examples where this is likely to be an issue for customers in Aotearoa New Zealand. For example, ISIC Rev 5 does not separate the farming of dairy cattle and beef cattle, neither are residential and commercial construction separately identified.

In other cases, ISIC Rev 5 has more detail than ANZSIC06; that is, a fine-level ANZSIC06 industry (known as class) will be split into one or more 'sub' classes in ISIC Rev 5. Much of the time the new classes will fall within the same aggregate industry at the output level, and so there is no impact on published outputs.

Some types of activity which have emerged since ANZSIC was first established are recognised differently in the two classifications. For example, ISIC Rev 5 has a more encompassing definition of businesses which have manufacturing done on their behalf by third parties, than ANZSIC06 does. This may or may not suit customer needs in Aotearoa New Zealand. Conversely, ANZSIC06 separately identifies non-store (for example, online) retailers, while ISIC Rev 5 does not identify them separately from traditional 'bricks and mortar' retailers.

Some types of activity are recognised equally in the two classifications but may be placed in different divisions. For example, while both classifications recognise libraries as a type of activity, ANZSIC06 places them in the information division, while ISIC Rev 5 places them with arts and recreation activity. Neither classification implies that they should be drawn out at publication (approximately equivalent to group) level.

The full concordance between ANZSIC06, the previous version of ISIC (ISIC Revision 4), and the proposed new version (ISIC Revision 5) is found in Appendix 1.

Where the above scenarios may have reasonable implications for the use of industrial classifications, these are outlined in more detail below, and customer feedback is welcomed.

Detailed changes and implications

Note that there are many changes between ANZSIC06 and ISIC Rev 5 at the detailed class level. The tables below cover only material changes between ANZSIC06 and ISIC Rev 5. Relatively immaterial changes at a class level are not outlined in the tables. In such cases, we propose to reclassify unit record businesses where possible, but we would not take any further action such as redesigning, backcasting, or any other intervention of published outputs.

We intend to test further the assumptions of materiality using administrative data and will reassess our thinking where necessary. In the meantime, detailed changes listed below are our current best-guess of key impacts. The list below includes the reasons for the proposed approach regarding immaterial changes.

- Any survey redesign will introduce discontinuities simply by virtue of random selection and sample error. Where changes are small, it is likely that any formal redesign would introduce more discontinuity than simply reclassifying the relevant activity. Where impacts are small in our business survey designs, they will also be small in the macro measures that those surveys feed into, such as GDP.
- In sample surveys, not all businesses are sampled. If small businesses are reclassified, they may have no impact on derived outputs because they did not form part of a random sample for data collection.
- Businesses often structure themselves in such a way that more than one type of activity may be undertaken by a single statistical unit. By way of hypothetical example, a given business in the real estate industry may perform some body-corporate functions for clients in addition to its core functions. If body-corporate services were to be conceptually moved to another published industry, it may not be possible to separately identify the activity.

The tables of classifications below show the changes proposed and our response – it is a preliminary assessment that can be a starting point for your own response. It is based on our current understanding of customer needs, and so we are seeking your input to refine our approach in order to reach a more nuanced understanding and change process to updating industrial classifications for Aotearoa New Zealand.

Industry / Division	Agriculture
Change	Less detail in some fruit types, for example, neither kiwifruit nor apples and pears are identifiable.
Implications	No impact on published industries. Need to identify growers for the Agricultural Production Survey.
Possible response	Add extra detail in ISIC.

Industry / Division	Agriculture
Change	Beef and dairy cattle are not separately identified.
Implications	Important in Aotearoa New Zealand context. These are different industries at published output level.
Possible response	Add extra detail in ISIC

Industry / Division	Mining
Change	Gold mining not separately identified.
Implications	No impact at published output level, but important as part of compiling the national accounts.
Possible response	Add extra detail in ISIC.

Industry / Division	Manufacturing – clothing
Change	<p>Factoryless goods producers (FGPs).</p> <p>Under ANZSIC06, units can be classified as manufacturers if they own material inputs and final outputs, even if they have the manufacturing done under contract by others.</p> <p>Under ISIC Rev 5, this definition is widened. Units are classified as manufacturers even if they do not own the material inputs, as long as they own the intellectual property related to the goods being produced and have control over the manufacturing process.</p>

Implications	<p>Important. In the Aotearoa New Zealand context, this mainly relates to (current) clothing and recreational goods retailers who design items locally but have them manufactured offshore. Such businesses would move from retail to manufacturing.</p> <p>This will involve approximately \$160 million³ value added moving into clothing manufacturing, approximately doubling the industry in current prices.</p> <p>Other users of the current ANZSIC06 classification for non-statistical purposes may be impacted by firms which have quite different production functions being grouped together.</p>
Possible response	<p>Here is a range of options available, including the following choices.</p> <ul style="list-style-type: none"> • Do not accept the ISIC Rev 5 change. Both Aotearoa New Zealand and Australia objected to the proposal. Note that there are corresponding changes in other international frameworks such as the System of National Accounts. • Partially accept the change. Do not implement in any ‘core’ published outputs (that is, no redesign, no backdating, etc) but instead produce some supplementary information such as analytical series which quantify the impact, likely in current prices only. • Accept the change but reclassify only known large contributors. Redesign the relevant collections and macro-outputs, backdate and introduce new seasonal adjustments as necessary. • Accept the change and adopt fully, reclassifying all relevant units. Redesign the relevant collections and macro-outputs, backdate and introduce new seasonal adjustments as necessary.

Industry / Division	Manufacturing, primarily of machinery, and electronic and electrical equipment
Change	<p>Repair services. ANZSIC06 classifies some types of repair as manufacturing if they are carried out in a similar way as manufacturing the goods – for example, aircraft or rail equipment. The remainder is classified in services.</p> <p>ISIC takes a wider view and classifies all repair of capital goods as manufacturing. This means that some repair activity will move from services to different manufacturing industries.</p>
Implications	<p>The change means that some repair activity will move from services to different manufacturing industries.</p> <p>We do not yet know how significant this is, or the extent to which any impacted activity is able to separately identified. A key factor will be how businesses in Aotearoa New Zealand operate and structure their activity; if it appears that the same businesses are engaged in repair of capital equipment (for example, electrical equipment used in a commercial context) and are also engaged in household domestic activity, then we will be constrained as to how much we can implement the ISIC Rev 5 recommendations.</p>

³ Based on limited analysis and may be larger.

Possible response	<p>Stats NZ will investigate. If it appears that impacted activity is materially small, or is unable to be well measured, then we will not 'move' repair activity to manufacturing over and above what is currently done in ANZSIC06.</p> <p>If activity can be fully measured and is material, then the same options exist as under FGPs above; to accept, reject, or differing levels of implementation.</p>
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Industry / Division	Construction
Change	Residential and non-residential building construction not separated in ISIC Rev 5.
Implications	These are currently separate at published output level, and the measures also feed into a number of downstream outputs such as the national accounts / GDP.
Possible response	Add extra detail in ISIC.

Industry / Division	Construction
Change	Installation of industrial machinery, parts of electrical services, and parts of other construction services move to manufacturing.
Implications	Some activity could move between construction and manufacturing. We do not yet know how significant this is, or the extent to which any impacted activity is able to be separately identified. The change may be minor in an Aotearoa New Zealand context.
Possible response	<p>Stats NZ will investigate. If it appears that impacted activity is materially small, or is unable to be well measured, then we will not 'move' industrial machinery installation activity to manufacturing.</p> <p>If activity can be fully measured and is material, then the same options exist as with other substantive changes; to not implement, to implement as supplementary information, or to fully implement with full collection and output redesigns with back-casting.</p>

Industry / Division	Commission-based wholesaling.
Change	Auction houses are classified to this industry in ANZSIC06. Under ISIC Rev 5 some of them move to different parts of retailing, if their customers are mainly non-businesses.

Implications	Initial estimates are that around half of the relevant published industry; FF116 ⁴ commission-based wholesaling would move to retail. In retail the impacted published output industries would be motor vehicle and parts retailing, and non-store and commission-based retailing.
Possible response	Stats NZ could: <ul style="list-style-type: none"> • not accept the change and leave all auction activity in wholesaling • implement as supplementary information, leaving core published outputs unchanged; or • fully implement, redesigning all three impacted industries.

Industry / Division	Retail – food and beverage services (including cafés, restaurants, and takeaways)
Change	ISIC Rev 5 widens the concept of intermediation services to include non- financial intermediation. ISIC Rev 5 places these services in the industry that they serve.
Implications	Some businesses which are currently classified as couriers would move into the food and beverage services industry. Further work is needed to estimate the size of the impact.
Possible response	Stats NZ could: <ul style="list-style-type: none"> • not accept the change • accept the change and move relevant service suppliers into food and beverage services • accept the change and show the service providers as a sub-category of the food and beverages industry. <p>It should be noted that not all providers are necessarily resident businesses in Aotearoa New Zealand. It should also be noted that if a given business were to, for example, provide intermediation services to both food delivery and short-term taxi transport, they may be unable to separate their activities.</p>

Industry / Division	Retail Trade – various
Change	Non-commission and non-store-based retailing not separately identified in ISIC Rev 5
Implications	Non-store retail would disappear as an industry. Activity would be allocated across other relevant retail industries. This would apply even in cases where no ‘bricks and mortar’ storefront exists.

⁴ FF116 is a grouping in the New Zealand Standard Industrial Output Classification (NZSIOC). Most statistics published by industry use this classification. It groups up ANZISC06 classes into NZSIOC groupings that these statistics are then designed and published at. For more detail, see [Ariā - Classifications \(stats.govt.nz\)](https://stats.govt.nz/ariā-classifications).

Possible response	<p>Stats NZ's preference is to not support this change. We will continue to engage with the ABS to explore a common approach.</p> <p>As with other substantive changes, our options are to:</p> <ul style="list-style-type: none"> • not accept the change and continue to publish non-store-retailing • implement as supplementary information leaving core published; outputs unchanged – we may possibly only do this where activity crosses divisions • fully implement, redesigning all impacted industries.
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Industry / Division	Accommodation
Change	ISIC Rev 5 widens the concept of intermediation services to include non-financial intermediation. ISIC Rev 5 places these services in the industry that they serve.
Implications	<p>Businesses which provide intermediation services to accommodation providers would be placed in the accommodation industry if they are resident producers in Aotearoa New Zealand.</p> <p>Currently, resident providers of this service are classified to a mix of travel agents, and business services.</p> <p>Note that this is different from the accommodation providers themselves.</p>
Possible response	<p>Stats NZ could:</p> <ul style="list-style-type: none"> • not implement the change and leave providers where they are now • move the service providers to the accommodation industry • show the service providers separately as a sub-industry of accommodation – some customers may prefer us to do this as it could allow them to infer the value of the accommodation that is provided via intermediation services, given that the service is normally a proportion of the accommodation itself • regarding the above, it should be noted that due to the small number of resident businesses who provide this service, a) it is likely that we will not be able to publish due to confidentiality, and b) the value is not large (we are also unable to show an estimate in this document due to confidentiality concerns). <p>Stats NZ is aware that there is interest in whether we could publish aggregate details of the accommodation providers themselves, separate from the remainder of accommodation. Stats NZ has published aggregate experimental estimates of the accommodation providers. This has taken a 'top down' approach as opposed to individual unit classification. Identifying providers at a unit record level is likely to be very challenging, given that:</p> <ul style="list-style-type: none"> • many providers may not be registered for business tax purposes, or may fall below economic significance criteria • many providers may register for tax as residential property operators, which is in a different division in both ANZSIC06 and ISIC Rev 5.

Industry / Division	Road transport Specifically related to taxi and other road transport
Change	ISIC Rev 5 widens the concept of intermediation services to include non-financial intermediation. ISIC Rev 5 places these services in the industry that they serve.
Implications	Any units providing intermediation activity related to road transport could theoretically move into that industry from wherever they are currently classified. In Aotearoa New Zealand, key service providers in this industry are already in taxi and other road transport.
Possible response	The proposed treatment under ISIC Rev 5 is not a change from Stats NZ's current de-facto treatment of intermediation services to road transport. We will therefore continue current treatment. We are aware that there may be interest in showing the ride-sharing service separately from road transport. It is unlikely that we will be able to do so due to confidentiality concerns given the small number of providers. There may also be interest in showing the transport providers separately from the rest of road transport. There are likely to be difficulties with identification.

Industry / Division	Transport Specifically scenic and sightseeing transport
Change	Scenic and sightseeing transport not separately identified in ISIC Rev 5.
Implications	Scenic and sightseeing transport is not published as a stand-alone industry, however, it is compiled as an unpublished component which contributes to GDP and the national accounts).
Possible Response	Add extra detail in ISIC.

Industry / Division	Residential and non-residential property operators
Change	Mirroring the change in the construction division, residential and non-residential property operators are not separated in ISIC Rev 5.
Implications	If implemented, customers would be unable to see the relative contributions of each industry. There would also be internal implications as the data sources used in the compilation of the national accounts and GDP are different.

Possible Response	Add extra detail in ISIC.
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Industry / Division	Employment and other administrative services Specifically temporary employment agency provision
Change	Temporary employment agencies move between published industries – current ANZSIC equivalents being from MN113 – advertising, market research, and management services to MN212 – employment and other administrative services
Implications	Approximately 20 percent of the current MN113 published industry will move.
Possible response	Stats NZ could: <ul style="list-style-type: none"> • accept the change • reject the change.

Industry / Division	Computer system design and related services
Change	Under ISIC Rev 5, this activity moves from the professional, scientific, and technical services division to a new stand-alone division (Division K). A small amount of activity conceptually moves to manufacturing (installation of industrial machinery and equipment) – not likely to be significant in Aotearoa New Zealand.
Implications	We have options as to how much detail we show within the new division.
Possible Response	We are interested in understanding customer needs as related to the detailed classes within the new division, which are: <ul style="list-style-type: none"> • development of video games, video game software, and video game software tools • other computer programming activities • computer consultancy and computer facilities management activities • other information technology and computer service activities.

Industry / Division	Public order, safety, and regulatory services; ANZSIC industry 00213
Change	Private security activities and private investigation activities move to another division; to the equivalent to ANZSIC06 MN213; building cleaning, pest control, and other support services.
Implications	Around 13 percent of total activity of the current ANZSIC industry will move – which is most of the market activity.
Possible response	Stats NZ could: <ul style="list-style-type: none"> • accept the change

	<ul style="list-style-type: none"> • reject the change.
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Industry / Division	Public order, safety, and regulatory services; ANZSIC industry OO213
Change	<p>Private testing and analysis activities move to another division; to the equivalent to ANZISC06 MN111; scientific, architectural, and engineering services.</p> <p>This class involves such activities as vehicle inspection and certification, among other things.</p>
Implications	Around 4 percent of total activity of the current ANZSIC industry will move – which is around 20 percent of the market activity.
Possible response	<p>Stats NZ could:</p> <ul style="list-style-type: none"> • accept the change • reject the change.

Industry / Division	Other services – repair and maintenance
Change	Shown here for completeness – same change as highlighted in manufacturing with some equipment repair moving into manufacturing
Implications	As per manufacturing.
Possible Response	As per manufacturing.

Appendix 1, Detailed concordance ANZSIC06, ISIC Rev 4, ISIC Rev 5

‘Appendix 1, Detailed concordance ANZSIC06, ISIC Rev 4, ISIC Rev 5’ is available under [Download documents](#).