Australian and New Zealand Standard Industrial Classification (ANZSIC)

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Background

- The Australian and New Zealand Standard Industrial Classification (ANZSIC) was introduced in 1993

- Replaced the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC)

- Introduced to provide improved capacity for analysis of trans-Tasman (Aus/NZ) industry statistical data

- Created to support the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)

- New Zealand Use Version of ANZSIC was created in 1996 to reflect specific needs of New Zealand users not covered by ANZSIC 1993

- In 2000 a comprehensive revision took place to produce the new 2006 version which was then implemented over the next seven years (by end of 2013)

Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)

▶ Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) is a bilateral free trade agreement between Australia and New Zealand.

▶ It's purpose is to:

  ▶ prohibit all tariffs and quantitative import or export restrictions on trade in goods originating in the Free Trade Area under ANZCERTA

  ▶ minimise market distortions in trade in goods, including through domestic industry assistance and export subsidies and incentives

  ▶ harmonise Trans-Tasman food standards through the Australia New Zealand Food Authority (ANZFA) Agreement of 1995

  ▶ provide for the mutual recognition of goods and occupations, removing technical barriers to trade and impediments to the movement of skilled personnel between jurisdictions, without the need for complete harmonisation of standards and professional qualifications

  ▶ reduce investment costs, through the 2013 Protocol on **Investment,** under which investors in both countries benefit from lower compliance costs, higher screening thresholds and greater legal certainty when investing in their Trans-Tasman neighbour.

Purpose of ANZSIC06

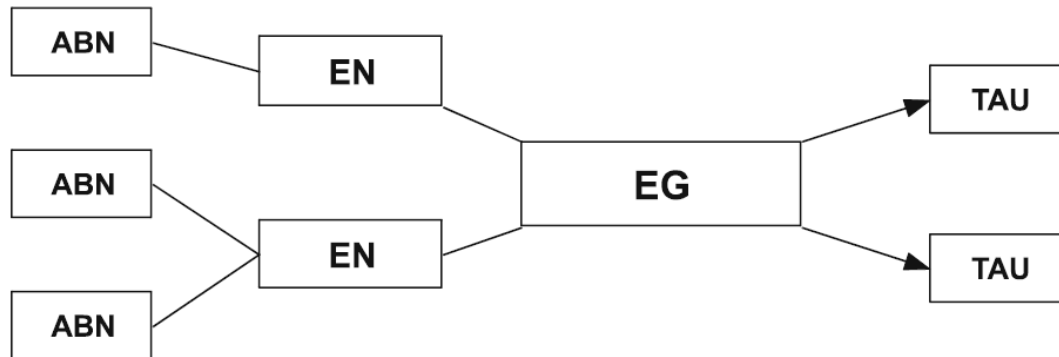- ANZSIC06 conceptually aligns with ISIC Rev 4 as far as possible, and with the North America Industry Classification System (NAICS) at subdivision level

- Provides a framework in which economic units undertaking similar economic activities can be grouped together

- Facilitates collection, analysis, dissemination and production of industry statistics

- Reflects the structure of the economy in Australia and New Zealand

- Ensures comparability of statistics over time and internationally

- Is supported by an output classification (NZSIOC) and forms the basis of the Business Industry Classification (BIC)
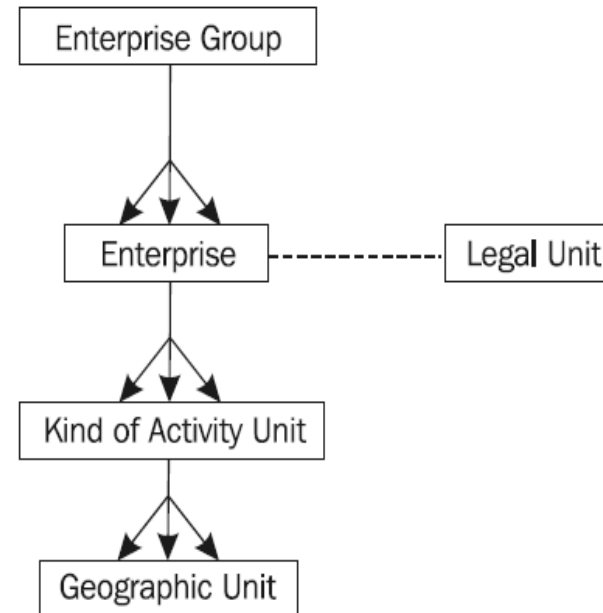
Conceptual Basis of ANZSIC06

▶ ANZSIC06 uses a supply-side basis to industry definitions and groupings such that categories are based on commonality of the productive activities of producers

▶ Groups together units which engage in similar production or service delivery processes

▶ Production function describes how the good or service depends on all the inputs used in its production

▶ Describes the transformation of intermediate inputs to produce outputs

▶ Activities using similar inputs and production processes are grouped together

▶ Classes are aggregated into higher levels with the emphasis moving to the output side of the production function

Units model of ANZSIC

ABS Units Model

Stats NZ Units Model

NB: When ANZSIC06 was created, New Zealand did not have a New Zealand Business Number (unlike Australia). Now there is the NZBN.

ANZSIC06 Structure

▶ Four level hierarchy comprising divisions, subdivisions, groups and classes

▶ Division level provides a broad view of the economy for summary tables

▶ Remaining levels provide increasing levels of detail for more specific statistics

▶ Uses an alpha-numeric code pattern

▶ Has 19 Level 1 categories

Division	C	Manufacturing
Subdivision	C11	Food Product Manufacturing
Group	C111	Meat and Meat Product Manufacturing
Class	C1111	Meat Processing

Implementation of ANZSIC06

▶ The development phase of ANZSIC06 was 2000-2006

▶ The implementation phase of ANZSIC06 was 2006-2013

▶ Total cost of NZ$4 million to fully implement across NZ data system and national accounts

▶ Implementation was treated as a phase two project and really only considered at the very end of the development program

▶ Dual coding of the Statistical Business Register and the 2006 Census of Population and Dwellings was done on an ANZSIC96 and ANZSIC06 basis

▶ In addition to assist implementation, a separate New Zealand Standard Industrial Output Classification (NZSIOC) was created for all aggregated data such as working or published industries of the National Accounts

Key issues

- Users and providers of data needed to understand the reasons for a new ANZSIC and to support the changes
- Users needed to understand the implications for the data and the costs for managing time-series and backcasting
- ANZSIC06 is a heavily predominant Australian focussed classification
- In the New Zealand context it has become a minor input classification as NZSIOC is used for sample survey design and all outputs
- There has been no review of ANZSIC since the commencement of the revision in 2006 and it is heavily out of date and difficult to use
- Implementation and wider user consultation was not a primary part of the original scope
- Getting agreement between the ABS and Stats NZ on scope, concepts and content was difficult

ANZSIC06 – ISIC Rev 4 - Division Comparison

ANZSIC06 Division	ANZSIC06 Division Name	ISIC Rev 4 Section	ISIC Rev 4 Section Name
A	Agriculture, Forestry and Fishing	A	Agriculture, Forestry and Fishing
B	Mining	B	Mining and Quarrying
C	Manufacturing	C	Manufacturing
D	Electricity, Gas, Water and Waste Services	D	Electricity, Gas, Steam and Air Conditioning Supply
E	Construction	E	Water Supply; Sewerage, Waste Management and Remediation Activities
F	Wholesale Trade	F	Construction
G	Retail Trade	G	Wholesale and Retail Trade; repair of motor vehicles and motorcycles
H	Accommodation and Food Services	H	Transportation and Storage
I	Transport, Postal and Warehousing	I	Accommodation and Food Service Activities
J	Information Media and Telecommunications	J	Information and Communication
K	Financial and Insurance Activities Services	K	Financial and Insurance Activities
L	Rental, Hiring and Real Estate Services	L	Real Estate Activities
M	Professional, Scientific and Technical Services	M	Professional, Scientific and Technical Activities
N	Administrative and Support Services	N	Administrative and Support Service Activities
O	Public Administration and Safety	O	Public Administration and Defence; Compulsory Social Security
P	Education and Training	P	Education
Q	Health Care and Social Assistance	Q	Human Health and Social Work Activities
R	Arts and Recreation Services	R	Arts, Entertainment and Recreation
S	Other Services	S	Other Service Activities
		T	Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use
		U	Activities of Extraterritorial Organisations and Bodies

Future Direction

▶ Initial user consultation by the Economic statistics team at Stats NZ focussed on Australia and NZ comparison, keeping ANZSIC or modifying, or use of ISIC Rev 5 modified or aligned with Australia

▶ Stats NZ is moving away from joint classifications with Australia

▶ ABS have indicated they will look to adopt ISIC Rev 5 Levels 1-3 with an Australian specific level 4 and expanded code

▶ New Zealand contemplating adopting ISIC Rev 5 either as is or with a few minor class adjustments

▶ Need to provide better sectoral views and dynamic updating processes

▶ Intending to consult further on what is the actual data needs for industry statistics and may look at other options including a flat list such as BIC