The following notes are a guide to interpreting business demography statistics. More information is available in the Business Demography Statistics data quality.

**Business demography statistics**

Business demography statistics give an annual snapshot (as at February) of the structure and characteristics of New Zealand businesses. Statistics NZ developed a new business demography series and released the first results in early 2008. Up to 2015 business demography series was based on the Statistic New Zealand Longitudinal Business Frame (LBF).

From 2016 business demography series is based on the Statistic New Zealand Business Register (BR). Business demography statistics are limited to economically significant individual, private-sector and public-sector enterprises that are engaged in the production of goods and services in New Zealand. These enterprises are maintained on the Statistic NZ Business Register, which generally includes all employing units and those enterprises with GST turnover greater than $30,000 per year.

**Data limitations**

There are a number of limitations associated with business demography data. These limitations include:

* Non-coverage of 'small' enterprises that fall below the economic significance criteria on Statistics New Zealand's Business Register (BR).
* Lags in recording business births and deaths.
* Difficulties in maintaining industrial and business classifications for smaller businesses (that are primarily maintained using administrative data).
* The Business Demographic statistics on the number of business births, deaths and continuing business rely on a variety of data sources to identify a continuing business that for example undergoes a change of legal ownership and restructuring in administrative data sources as well as genuine business start-ups and closures. These data sources are not comprehensive and are of lower quality for small non-employing businesses. When businesses register for GST and are added (or 'birthed') onto the Business Register, they are given a new reference number. Company restructuring and changes of ownership can result in a new GST registration being filed, even though it relates to an existing business. Business Register has procedures in place to identify links between new and existing businesses, but there is no guarantee that a link will be identified. Therefore caution is required in the interpretation and use of these statistics.
* Fine level regional and industry business demography data needs to be used with caution. The Statistics NZ Business Register (BR), which is the main source of data for the business demography series, is designed to support quality national level statistics. It is not designed to provide quality fine level regional or industry statistics. The BR update sources can have timing lags and less robust information, particularly for medium and small sized businesses. These quality weaknesses can be highlighted in fine level business demography statistics.

**Guide to interpreting time series data**

The time series of business demography data has several significant changes caused by improved Statistics NZ processes. No attempt has been in the series to remove the influence of these changes, rather they are described here so that users can understand the time series.

* For a period of time before 2002 the agricultural units (ANZSIC 06 subdivision A01) on the Business Register (BR) were maintained to a lower quality level than other units on the BR. From 2002 a programme of annual agricultural production statistics was reintroduced with consequential improvements in the BR quality. From 2004 the quality of the agricultural units on the BR is considered robust. Before this some of the changes in business demography statistics for agriculture reflect quality improvements in the BR, rather than actual changes.
* The business demography series shows a small drop in the total number of enterprises from 2000 to 2001. This was caused by a change in June 2000 to the methodology used to add new units to the BR. New non-employing units were only added to the BR after administrative data sources reported that they displayed sufficient activity to meet the BR economic significance conditions, previously that had been added to the frame at an earlier date. The change only influenced non-employing businesses.
* The business demography series shows a significant increase in the number of enterprises in 2004, particularly in ANZSIC06 divisions K Financial and Insurance Services, and L Rental, Hiring and Real Estate Services. This was largely a consequence of improved use of administrative data to maintain the BR. Most of the enterprises added were non-employing businesses.

Other factors related to the representation of businesses on the BR can also influence time series data.

* Business demography time series statistics can be influenced by structural changes in businesses. These changes may include business mergers, one business taking over another business, or a business selling part of its activities. This can cause significant movement in an industry (ANZSIC06) time series of employee count data. For example in a business takeover where one enterprise is absorbed into another enterprise, the employees of the smaller enterprise will typically become classified to the ANZSIC06 of the larger enterprise.
* Many enterprises undertake a range of business activities simultaneously. For example they manufacture and wholesale goods and their activities can be across a range of commodities that cross ANZSIC06 boundaries. Enterprises are classified to ANZSIC06 on the BR on the basis of predominant activity. Movements in time series of ANZSIC06 data can be caused by the predominant activity of enterprises changing. This can cause what appears to be a significant change in an industry time series. These changes need to be interpreted with caution as the business activity may be largely continuing under a different predominant industry classification.

**Updates to business demography data**

Data on the Business Register is updated continually to maintain the latest information on businesses. Updates can affect the history of businesses demography data. Business demography statistics are released provisionally to allow updates to the series to be incorporated. It is expected the largest revisions will occur in the most recent reference periods, with smaller changes earlier in the time series. This is mainly due to the lags associated with the processing of administrative data, a key component of the BR maintenance strategy. For more information about business statistics, see our [Business Demography Statistics Information page](http://www.stats.govt.nz/browse_for_stats/businesses/business_characteristics/nz-business-demography-statistics-info-releases.aspx).