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**AUSTRALIAN
STATISTICS
ADVISORY
COUNCIL**

**Annual Report
1985-86**



AUSTRALIAN STATISTICS ADVISORY COUNCIL

Annual Report

1985-86



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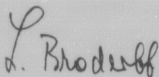
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The Honourable Paul Keating, M.P.
Treasurer of the Commonwealth of Australia

I have pleasure in submitting the Report of the Australian Statistics Advisory Council for the year ended 30 June 1986.

The Report outlines the work undertaken by the Council and is submitted to you for presentation to Parliament under section 24(2) of the *Australian Bureau of Statistics Act 1975*.

A handwritten signature in dark ink, appearing to read 'L. Brodrigg'. The signature is fluid and cursive, with a large initial 'L'.

L. A. BRODRIGB
Chairman

1 August 1986

MEMBERSHIP OF COUNCIL, 30 JUNE 1986

		Date first Appointed
Dr L.A. Brodribb, AM	Chairman (as from 3.8.81)	14.1.77
Mr I. Castles, OBE	Australian Statistician (ex officio)	
Mrs Y.J. Bain	Vice President, National Council of Women of Queensland	14.1.80
Prof. R.J. Blandy	Professor of Economics and Director, National Institute of Labour Studies Incorporated, Flinders University	17.3.83
Mr W. Boetcher	Primary Industry Association of Western Australia	14.1.80
Dr J.S. Deeble	Director, Australian Institute of Health	1.7.85
Mr P.H. Goddard	Assistant Under Treasurer (Economics), De- partment of the Treasury, Tasmania	1.2.82
Dr C.I. Higgins	Deputy Secretary (Economic), Department of the Treasury	1.3.85
Mr P.D. Jonson	Head of Research, Reserve Bank of Australia	1.2.82
Mr J.D.S. Macleod	Group Economist, CRA Ltd	17.3.83
Dr R.C. Madden	Under Treasurer, The Treasury, Northern Territory	1.3.85
Prof. G.M. Neutze	Head of the Urban Research Unit, Research School of Social Sciences, Australian Na- tional University	4.6.86
Mr N. Oakes, AO		14.1.77
Mr V.A. Prosser	Executive Director, The Institute of Chartered Accountants in Australia	17.3.83
Mr L. Purnell	Director, Trade and Commercial Services, Metal Trades Industry Association	18.10.83
Mr K.G. Sanderson	Director, Economic and Financial Policy Division, The Treasury, Western Australia	1.10.82
Mr A.M. Smith	Director, Economics Unit, Department of the Premier and Cabinet, South Australia	14.1.77
Dr A.W. Smith	Director, Economic and Financial Evaluation Division, Department of the Premier and Cabinet, Victoria	17.3.86
Dr T.P. Speed	Chief of the Division of Mathematics and Statistics, CSIRO	7.12.83
Mr D.I. Stanton	First Assistant Secretary, Development Div- ision, Department of Social Security	1.11.81
Mr A.J. Watt	Senior Assistant Secretary, The Treasury, New South Wales	10.3.86

Changes in membership since 30 June 1985

July 1985	Dr J.S. Deeble appointed to succeed Prof. M.S.T. Hobbs. Mr D.C. Lansley appointed to succeed Mr R.N. Overall. Mr N.R. Stevens resigned, having served on the Council since 1982.
January 1986	Mr D.C. Lansley resigned.
February 1986	Mr N. Oakes, on retiring from the position of Secretary and Comptroller of Accounts of the New South Wales Treasury, ceased to be the nominee of the Premier of that State and was appointed to the Council as a private member.
March 1986	Mr W.J.C. Cushing concluded his term of appointment as the nominee of the Premier of Victoria. He was succeeded by Dr A.W. Smith. Mr R.E. Heasman retired from the Council at the conclusion of his term of appointment, having served on the Council since 1983. Mr L.G. Pitt resigned, having served on the Council since 1981. Mr A.J. Watt appointed to succeed Mr N. Oakes as the nominee of the Premier of New South Wales.
June 1986	Prof. G.M. Neutze appointed.

Between the retirement of Mr R.J. Cameron on 23 August 1985, and the appointment of Mr I. Castles on 10 April 1986, the position of Australian Statistician, and hence ex-officio membership of the Council, was held successively, in an acting capacity, by Mr A.R. Bagnall (24 August 1985 to 21 February 1986) and Mr W. McLennan (22 February to 9 April 1986).

Note: In this Report, after the first reference, the Australian Statistics Advisory Council is referred to as ASAC or the Council, and the Australian Bureau of Statistics as the ABS or the Bureau.

INTRODUCTION

The Australian Statistics Advisory Council was established by the *Australian Bureau of Statistics Act 1975*.

This is the tenth Annual Report of the Council, and is made in accordance with section 24(2) of the Act which provides that: 'the Council shall, as soon as practicable after 30 June in each year, prepare and submit to the Minister, for presentation to the Parliament, a report relating to matters connected with the operation of this Act'.

Under section 18(1) of the *Australian Bureau of Statistics Act 1975* the Council is to advise the Minister and the Statistician on:

- (a) the improvement, extension and co-ordination of statistical services provided for public purposes in Australia;
- (b) annual and longer term priorities and programs of work that should be adopted in relation to major aspects of the provision of those statistical services; and
- (c) any other matters relating generally to those statistical services.'

The Act enables the Minister or the Statistician to seek the advice of the Council on these matters. The Council also offers advice on these matters to the Minister or the Statistician when it considers it appropriate to do so.

The Act provides that the Council shall consist of a part-time Chairman, the Australian Statistician (ex officio), and between ten and twenty-two part-time members, including one nominee of each State Premier. The Chairman and members are appointed by the responsible Minister—currently the Treasurer—for periods of five years and up to three years respectively, and are eligible for reappointment.

The Chairman receives an annual fee, set by the Remuneration Tribunal, and members are reimbursed their travel costs, where applicable. Expenditure during 1985-86 totalled \$34,108.

During the year, the Council received, and responded to, one request for access to documents under the *Freedom of Information Act 1982*. The request related to documents held by the Council about the applicant's earlier correspondence concerning a survey conducted by the Australian Bureau of Statistics.

Secretariat and administrative support for the Council's activities are provided by the ABS. The secretary of the Council is the Assistant Statistician, Co-ordination Branch, whose address is P.O. Box 10, Belconnen, 2616 (telephone (062) 52 5256).

SUMMARY OF THE YEAR'S ACTIVITIES

The Council met on 9 July 1985, 19 and 20 November 1985 and 19 March 1986, when it considered a number of items of business in accordance with its objectives as set out above. This report outlines the main aspects of Council's consideration of these items.

ABS work program, 1986-89

Council considered the proposed ABS forward work program, staff estimates and resource requirements for 1986-89, and examined in some detail the wide range of activities covered by the 36 programs and 112 component projects of the total ABS work program. It also kept under review developments in the 1985-88 forward work program which had been considered in the previous year. Council devoted more than half of the meeting of 19-20 November 1985 and substantial time at other meetings to matters impinging on the work program.

As in earlier years, Council was faced with advising on priorities for a work program in which resources likely to be available to the ABS fell short of those required to meet supportable demands for new statistics as well as maintaining those existing statistics for which there is a continuing strong demand.

In this situation, Council continues to take the view that priority should be given to those statistics which directly assist the deliberations and decisions of governments and other substantial bodies (e.g. industry associations, large business enterprises, social and welfare organisations, and academic and research institutions) on matters of significant economic and social importance. The justification for any statistical work needs to be based on more than a monitoring requirement or a requirement to have information available for general interest.

Council noted that a particular feature of the forward work program is the peaking of staff and financial resources in 1986-87 for the conduct and processing of the population and retail censuses, after which estimated resource levels are expected to return to about the level of 1985-86.

Council gave extensive consideration to the proposed introduction of two surveys of service industries to the program of rotating economic censuses and surveys. As foreshadowed in last year's report, Council considered a paper outlining consultation on users' requirements and specifying the service industries proposed to be covered in collections in respect of 1986-87 and 1987-88 respectively. These have been selected on the basis of expressed users' needs and ABS assessment of the main gaps in data for purposes of the national accounts and benchmarks for retail surveys. Council questioned whether some of the proposed industries were significant enough in the total economy to warrant inclusion, and inquired about the use to be made of the resulting statistics. Council believes that relevant surveys should concentrate on the more important service industries (in terms of potential for growth, exports, expansion of tourism, etc). However, Council is satisfied with the way the ABS is proceeding with development of the service industries collections and is keen to see the work continued and expanded as resources permit.

As part of its review of the ongoing work program, Council considered the range of topics proposed for the monthly population surveys. It drew attention to the desirability of broadening a topic about apprentices to cover other types of training; and asked the ABS whether the rate of change in educational attainment, methods of obtaining jobs, and the number of persons not in the labour force justified the frequency at which surveys on these topics were conducted. The ABS agreed to review

the frequency of collecting information on educational attainment but considers that the current frequencies for the other topics are necessary to give up-to-date information on aspects of labour market statistics. Information on methods of obtaining jobs is important for purposes of monitoring relevant Government policies in relation to changes in the labour market. Data on persons not in the labour force are in strong demand because of growth in female labour force participation.

Regarding special supplementary surveys, Council endorsed its earlier support for a survey of domestic care of the aged and handicapped, and while recognising the extra costs which would be involved asked the ABS to examine the feasibility of extending the survey to cover institutional care.

The exclusion from the work program of the development of State and regional input-output data resulted in Council's consideration of the topic of input-output statistics overall. Council noted that in addition to the resources directly engaged on input-output compilation, resources were also involved in the collection of data solely or primarily as source material for these statistics. The long time-lag in their production raised questions about their usefulness.

It was noted that States accord a higher priority to the further development of State accounts, with which the ABS is proceeding, than to State input-output data. Nevertheless, Council recognised that some States saw a need for input-output data at State or regional level, and were themselves taking various approaches to satisfy this need.

Council decided to give further consideration to this matter and has asked the ABS to prepare a paper explaining the basis of the present input-output program, identifying major users and uses, and discussing the costs and problems associated with extensions of this work into the production of State estimates.

Some reservations were expressed about the level of resources being used to produce foreign participation statistics in view of the reduced level of interest in this subject since the studies were introduced. Council has raised a question about the reliability and extent of usage of some public authority finance statistics, and has suggested that a review of some aspects of this project would be appropriate. It has also suggested that a review of mining statistics, with the object of achieving some rationalisation of ABS and State mines department collections, is desirable. In this regard Council notes that the ABS is shortly to undertake a review of collection arrangements involving these departments.

Council took note that, in response to ministerial representations, and commencing in May 1986, the ABS will increase the frequency of its survey of employee earnings and hours from biennial to annual. This will involve additional resources for the labour program in 1985-86 and subsequent years.

In considering the agricultural statistics component of the forward work program, Council noted the substantial amount of resources involved in servicing users' requirements from the agricultural census. In particular, Council questioned the justification for the low cut-off point at which producers are excluded from the annual

agricultural census. The ABS reported that some users (mainly State departments responsible for agriculture) are concerned at the adverse effect which raising the cut-off would have on statistics of particular relevance to certain of their activities. Council nevertheless considered that the present cut-off could be raised without significantly detracting from the service provided, and noted that the ABS was considering alternative means of maintaining adequate coverage of small-scale agricultural activity.

Council again emphasised the importance of the ABS continuing to give close attention to the use of, and justification for, the statistics produced from the ongoing components of its work program.

1986 Census of Population and Housing

In keeping with its continuing interest in developments relating to the 1986 Census of Population and Housing, Council considered, at each of its meetings during the year, aspects of the public awareness campaign for the Census. At the July 1985 meeting it also considered proposals for census output.

Representatives of the advertising agency commissioned by the ABS to assist in the development of the public awareness campaign attended the November 1985 meeting and provided information about concepts and strategy for media publicity. Council members made a number of proposals in relation to the strategy and were pleased to note the quality of the television advertisements which were later produced and which they previewed at the March 1986 meeting.

Council noted that, as for the 1981 Census, the ABS had established a census public relations unit to inform the public about the census, encourage publicity, answer questions and counter adverse or uninformed criticism of the census.

Overall, Council regards the public awareness campaign as very satisfactory and expects it to contribute significantly to the success of the Census.

Future censuses of population and housing

Council had preliminary discussions on the frequency of future population censuses. There was considerable concern in Council, particularly on the part of State representatives, about the information loss that would occur if there were to be a move away from five-yearly censuses. Council noted that the ABS was examining the advantages, disadvantages, problems and costs of any change from a five-yearly census, and will discuss the matter in more detail in the forthcoming year. Before any decisions are taken on the future frequency of population censuses it is the Council's view that State governments and other users of census information should have an opportunity to present their views.

Review of Consumer Price Index (CPI)

At its July and November 1985 meetings Council considered reports by the ABS on the current review of the CPI due to be completed in the second half of 1986. It was noted that the review is drawing heavily on data from the 1984 Household Expenditure Survey.

Council discussed work being undertaken on reviewing the existing treatment of home ownership costs in the CPI. This work includes consideration of whether the cost of purchasing houses should continue to be included in the CPI and if so whether the existing price measure for houses could be improved. Consideration is also being given to whether it would be practicable and appropriate to introduce housing mortgage interest charges and land into the CPI.

The ABS reported that the existing measure for house purchase costs was not completely satisfactory because it reflected price changes for new houses only. It was investigating the feasibility of introducing a measure of price change for established houses (including land) which presented some practical difficulties because of the variability of prices, location, size and the vagaries of the market. Investigations were also being undertaken into similar problems associated with measuring price changes for vacant residential land.

Council noted the possible difficulty of reliably measuring mortgage interest charges, especially in view of the rapid changes taking place in the range and type of financial services following deregulation. Equally, Council acknowledged the practical difficulties in using a 'rental-equivalence' measure as a proxy for the costs of home ownership. Recognising the role of the CPI in key economic adjustments, Council stressed the particular care which must be taken in relation to the possible introduction of mortgage interest charges into the CPI.

Survey of labour costs

Following its earlier consideration of ABS proposals to meet the demand for a survey of labour on-costs, Council considered a report from the ABS on further progress in connection with the feasibility study which it had commenced in late 1984. It was noted that consultations and investigations had revealed little to change the view that development of a methodology to obtain reliable data within a reasonable time and of an acceptable level of cost and effort to respondents would be a difficult and lengthy task. However, Council endorsed the view of many users that the project should be pursued as a matter of urgency.

The ABS reported that consultation with users had revealed a marked preference for the survey to obtain data on specific industries at the Australia level, and on total industry at State level, and for the public sector to be included as well as the private sector. Council, however, expressed the view that further details classified by industry and State may be necessary for analytical purposes.

Engineering construction statistics

Council discussed the outcome of a recent review by the ABS of users' needs for engineering construction statistics, and a proposal to increase the scope and coverage of the existing collection of statistics on construction other than building. The changes include redesignating the project as an engineering construction survey to accord with accepted industry terminology; collecting information about work undertaken by the public sector; and removing the cut-off point of \$100,000 below which private sector contracts were formerly excluded from the collection.

In expressing support for the proposal, Council noted that the information to be collected on value of commencements and value of work yet to be done is an indicator of forward commitments, and that results from the survey would be of use as a forecasting tool. It stressed the importance of ensuring that the extended survey should use concepts and definitions consistent with the national accounts so that the output could be used to upgrade relevant components of the quarterly national accounts statistics.

Review of manufacturing industry statistics

The ABS sought Council's views on a report of a review of its strategy for the collection of manufacturing industry statistics. The aim of the review had been to address the increasing concern being expressed by the business community about the burden imposed in responding to requests for relevant data. The report outlined a number of options designed to ameliorate this problem while continuing to satisfy the highest priority needs of users. Such options included the collection of fewer data items from smaller manufacturers and the use of sampling techniques.

In expressing strong support for efforts to reduce respondent burden, Council recognised the importance of the availability of data on specific industries within the manufacturing sector, and of small-area data on manufacturing industry in general, pointing out that such data are particularly important to State governments for regional planning purposes.

The ABS undertook to take full account of Council's views when considering changes to current procedures.

Transport statistics

Council considered a paper on developments in transport statistics and noted that, for the purpose of determining future strategy, the ABS was consulting principal users through the Transport Statistics Users Advisory Group. It was apparent that the major area of interest was data on freight flows, particularly road freight.

The paper described ABS experience in relation to the first survey of the transport industry, which had been conducted, in respect of the year 1983-84, as part of the Bureau's program of integrated economic collections. It also reported on progress with the 1985 Survey of Motor Vehicle Use, designed to provide information for use in planning and funding of road construction, research into road accidents, assessment of fuel conservation measures, and a range of other activities.

Council commented favourably on the significant changes in the revised questionnaire and reminder notices used for the survey.

Council noted that a very significant amount of transport data is gathered by Commonwealth and State government agencies, that the ABS has recently reviewed a number of its own and other Commonwealth collections in the transport field and that some rationalisation of collections will follow. While recognising that the ABS has no jurisdiction over State collection activities, many of which are of a detailed and localised nature for a specific purpose, Council urged the Bureau to use its influence, wherever possible, to co-ordinate State activities in this area.

Retail trade statistics

Council considered current and proposed activities in retail trade statistics, particularly plans for the 1985-86 Retail Census, including consultations on users' requirements. Council was advised that sampling methodology was being introduced to reduce the cost of the census as well as the reporting burden on small retailers. This would involve the use of a shorter and simpler collection form which, for most retailers concerned, would have less than ten data items and take no more than thirty minutes to complete. A public relations exercise would be undertaken to inform the retail sector of the census and its purposes, with a view to minimising adverse reaction and obtaining good levels and quality of response.

Apart from the retail census, Council informed the ABS of its views on various aspects of the monthly and quarterly retail surveys, including the need for monthly retail sales data, and on changing trends in the retail industry and their implications for the collection and interpretation of relevant statistics.

Statistics on trade and shipping

Council considered activities and developments in relation to foreign trade and shipping statistics. Foreign trade figures constitute one of the areas of greatest demand by users of ABS statistics in both the government and private sectors, and one of the major areas of the ABS in terms of resource usage and statistical output.

While recognising the high standard of service provided by the ABS with regard to these statistics, Council noted the number of demands for information made by various government agencies on businesses engaged in overseas trade, and encouraged the ABS to continue its attempts to rationalise foreign-trade-related collections.

It noted with approval that the recent ABS-led investigation of multi-collections of coal export data has resulted in the adoption of a single form, which satisfies the data requirements both of the ABS and of various government agencies. Council also noted that the ABS/ Australian Customs Service arrangement was a good example of using an administrative collection to serve several government purposes.

Council has been informed of possible difficulties which users may encounter following the introduction (now deferred to January 1988) in Australia, of the new international commodity classification, the 'Harmonised Commodity Description and Coding System'. It commends the efforts which the ABS is making to consult and assist suppliers and users of the data under the new system.

Data dissemination

At its March 1986 meeting Council was provided by the ABS with a report on developments in the area of data dissemination. These included plans to provide a small core of economic, population, social and general interest statistics on VIATEL (the national videotex service) commencing in mid April 1986, and to follow this, in June 1986, by making publicly available on CSIRONET (the CSIRO's Australia-wide computing network) the time series data previously released quarterly on magnetic tape and microfiche. The service on CSIRONET has since been named AUSSTATS. Subsequently, both services were implemented successfully and have been well received.

Among other aspects, Council discussed the possible expansion of the AUSSTATS service, and was informed that, subject to operational and user cost constraints, the ABS envisages steady and carefully planned extensions.

Council is aware of the great potential usefulness of disseminating data in forms accessible to microcomputers and notes that work is proceeding in the ABS in relation to direct transfer of data from AUSSTATS to users' computers and the provision of data on floppy disk.

While recognising the continuing importance of conventional printed publications, Council commends these developments in electronic dissemination of data and supports the allocation of additional resources for information services work, to improve further what it considers to be a very important function of the ABS.

ABS Joint Management Review

Council was provided with a copy of the report of the 1984 Joint Management Review of Management Services and Top Management of State Offices in the ABS (JMR) and an information paper outlining the main thrusts of the JMR recommendations and the ABS response to the report.

Council notes, with approval, plans to implement JMR recommendations relating to corporate planning in the ABS and the involvement of ABS State Offices in planning and decision-making. It welcomes recommendations aimed at clarifying the role of State Offices in servicing State statistical requirements and enhancing their effectiveness in this regard.

Council strongly approves the ABS's intentions to implement these recommendations without impinging on resources currently available for its other programs.

General

Following its consideration of the 1984 Household Expenditure Survey on a number of occasions during development, Council discussed a paper outlining experience with the conduct of the survey. It complimented ABS staff concerned on the success of the project and noted that the Commonwealth Taxation Task Force had greatly appreciated not only the relevance, timeliness and usefulness of the survey results but also the service provided by the ABS in connection with the Task Force's activities.

Council considered a paper on the social statistics program, with particular reference to the relative emphasis and resources devoted to the production and dissemination of statistics from specific collections and of theme-oriented or compendium statistics published in social reports. It noted that while the majority of resources were engaged on the former category, considerable benefits had been achieved in terms of the usage of, and interest in, the social reports such as *Australia's Youth Population*.

Council commended ABS efforts in recent years to improve the presentation and understanding of social statistics through the development of social reports and other means of dissemination. It encouraged the ABS to continue to explore means of making the most effective and creative use of existing data in its output of these statistics.

Council also discussed a paper which compared the amount of ABS resources and effort devoted to economic statistics and social statistics respectively. It agreed that attempts to draw a rigid distinction between the two categories would be misleading, and that the frequency of collections in both areas should be determined by the rate of change in the characteristics being measured.

Council was provided with an oral report on the engagement by the ABS of an external consultant — Mr David Sless, Director, Communication Advisory and Research Enterprise, Canberra College of Advanced Education — to advise on form design procedures and practices. Council welcomes this initiative which it regards as a useful step towards minimising response burden, easier comprehension of questions and hence improvement in the quality of information collected.

Both the ABS and Council are anxious to see the reporting burden on respondents reduced as far as possible. Council therefore particularly welcomes measures such as the increased use of sampling methodology, the introduction of short forms with fewer data items, and steps to rationalise the statistical activities of different government agencies, examples of which will be found elsewhere in this report. It urges the ABS to continue its efforts in these directions.

In addition to its continuing attention to all aspects of the ABS work program, matters which Council will consider in 1986-87 include a review of aspects of the 1986 Population Census; the conduct of future population censuses; strategic planning in the ABS; the influence of technology on ABS operations and management; the use of ABS collections for national accounts purposes; a review of input-output statistics; ABS forms design; co-ordination of labour, education and social statistics; and public finance statistics.

This report is made in the tenth year of Council's activities. During the past decade it has at all times been able to draw upon the collective experience and knowledge of a membership representing a broad cross-section of users of official statistics. The Council has built up a considerable fund of knowledge of the national statistical system. Throughout the period of its existence Council has been concerned with the need to balance the resources available to the ABS with the extensive demands for statistics on matters of concern to Government and the community. Council welcomes the statement by the Prime Minister in April 1986 that the Government is committed to the continuing development of the ABS as an objective statistical organisation with the highest professional standards. This will ensure the availability of information for decision-making in the public and private sectors and will further assist a generally well informed community.

Council welcomes the appointment of Mr I. Castles, OBE, former Secretary to the Department of Finance and a former member of Council, as Australian Statistician in succession to Mr R.J. Cameron, CB, and as an ex-officio member of Council. Mr Castles has had a distinguished career in the Australian Public Service and Council members wish him well in his new position.

Fellow members congratulate Mr N. Oakes on having been made an Officer in the General Division of the Order of Australia (AO) in the 1986 Australia Day Honours List.

Council also extends good wishes to Mr A.R. Bagnall, former Deputy Statistician and Acting Australian Statistician, who retired from the Public Service in May 1986, and congratulates him on having been made a Member in the General Division of the Order of Australia (AM) in the 1986 Queen's Birthday Honours List.

Council wishes to record its appreciation for the assistance received from the Statistician and his officers in the presentation and comprehensiveness of information provided on the matters considered by Council, and the courtesy and efficiency with which secretariat and other services have been made available.

