

**COST RECOVERY INHIBITING USE AND DIMINISHING THE PUBLIC BENEFIT**  
**AUSTRALIAN BUREAU OF STATISTICS ON MOTOR VEHICLES**  
**Submission to Productivity Commission *Cost Recovery Inquiry, 2000-2001***

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**In brief**

1. This submission draws on my experience with the Australian Survey of Motor Vehicle Use (SMVU) and the Motor Vehicle Census (MVC) collected by the Australian Bureau of Statistics (ABS). I point out the impact of user pays, in the form introduced in the late 1980s to increase the level of cost recovery, in reducing their usefulness to the Australian community.

2. Since their inception in the 1960s, the SMVU and MVC (generally at three year intervals) have received three levels of analysis for dissemination by the ABS:

- *a basic summary* published as a stapled report comprising explanatory notes and one or two dozen tables - available at a nominal price and accompanied at time of issue by a media statement (see paragraph 19)
- suites of *supplementary tables* of value for more detailed research - distributed in various forms, and on various terms at different times (see paragraph 21)
- highly refined cross-tabulations, or extracts of the raw data, appropriately laundered for respondent confidentiality, *commissioned* by particular users to meet their remaining needs - provided at a price negotiated case by case (see paragraph 29).

3. My submission relates particularly to the second of these types of output, their 'marketing' initially at *a nominal marginal cost* and, after 1986, under *substantial cost recovery* arrangements, and how the return on the investment by the Australian community suffered due to the reduction in research into a wide range of public interest matters relating to the Australian way with cars, trucks, buses and motor bikes.

4. The SMVU and MVC continue at a public cost of some millions of dollars per cycle. The main users now are government agencies which collect taxes and charges on motor vehicles and spend public money on road and transport infrastructure. There is now little evidence of their use by academics, independent researchers and community

interest groups to advance informed debate on road vehicles, sustainability and the environment.

5. In discussions with me, people working in other sectors and disciplines have indicated that, after the cost recovery developments of the late 1980s, their areas of interest suffered similar losses of access to ABS statistical information on which the quality and depth of their analysis depends.

### **Background on the SMVU and MVC**

6. The Motor Vehicle Census periodically draws together the vehicle registration records of the States and Territories to produce a complete account of the motor vehicles registered for use on Australian roads.

7. Between 1976 and 1991 it was published regularly at 3 year intervals, thereby providing an excellent time series with which the evolution of the 'fleet' of cars, trucks, buses and motor cycles could be followed. The intervals became irregular after 1991 as the responsible agencies searched for efficiency and effectiveness under a 'cost recovery' regime.

8. The MVC is required to provide an up-to-date 'frame' from which to draw the required statistical sample for the SMVU. The MVC, often in combination with the SMVU, has been used also by researchers whose interests include

- road and traffic planning, investment and management
- public transport, various modes
- energy consumption and conservation
- emissions and greenhouse
- vehicle fleet ageing and replacement
- driver characteristics and road safety

9. Together with the SMVU, the MVC provides essential information for the planning and management of government revenues from road taxes and charges. This *bedrock requirement* for the data has ensured that these two statistical collections have survived through the vicissitudes of the past fifteen years. The interested Commonwealth and State agencies have seen to it that someone would pay the bill for data collection on an adequate scale, as well as a degree of centralised (in the ABS) analysis. But even within these limits all has not been sunshine. Disagreements about the relative extents of State and Commonwealth contributions to the cost have contributed to the irregularity of the collections after 1988.

10. The Survey of Motor Vehicle Use has drawn information from some tens of thousands of vehicle owners on what they do with their cars, etc, and where they go. These matters are even more interesting, and more useful for study, than the simple record of existence of the vehicle on the register the MVC. The SMVU is central to research in all of the topics listed above.

### **The bedrock and the further uses: some comment on cost and utility**

11. In the observations which follow I offer some ballpark figures' for various items, which I believe to be reasonably unbiased in respect of the conclusions to which they may lead. In any case, for a number of reasons, these amounts have changed from time

to time over the period under discussion (1976 - present) and more informed and contemporary figures from the relevant bodies would be welcome.

*Providing for the 'bedrock' uses*

12. It costs the ABS between \$1 and 2 million to stage one cycle of the MVC and the SMVU, to the point where the returns are in the computer. Within this total, possibly \$0.5 million is spent on quality assurance for the data at all stages. By the end of this process, a wide range of cross-tabulations have been generated and examined for consistency with past results and reasonable expectations. These will generally meet the needs of the basic summary publication described in the first dot point in paragraph 2, above. They may also provide content for the supplementary tabulations - the second dot point of paragraph 2. By this stage the States and Territories have contributed perhaps \$0.5 million in kind, much of it being staff and facilities time to plan, prepare and deliver their individual vehicle registration databases in the consistent form needed for the MVC.

13. Collectively, the (private and business) respondents to the SMVU have probably also put in \$0.5 million of their time. This is an obligation without direct recompense (see paragraph 17, below) under the Statistics Act, on pain of penalty, and no money passes hands.

14. The 'bedrock' effort includes the statistical analysis to generate State and regional subtotals, for comparative purposes and to account for a vehicle population which roams across borders. This ensures that the agencies of the various governments work from common information on motor vehicles on the roads of Australia and the individual States and Territories, when discussing resource issues. While this analysis is not necessarily carried out by the ABS, completion of such tables is a part of the irreducible body of work required by governments. The 'supplementary tables' referred to in the second dot point of paragraph 2 include a subset of such work.

15. To this point, total unavoidable costs of \$2 - 3 million have been incurred by governments, essentially to meet their own needs. In return, each has assured access to relevant statistical output. The alternative to such an effort would be to accept *ad hoc* decisions in the collection of billions of dollars of taxes and charges and similar outlays on transport and roads. Across the government agencies responsible for road user taxes and charges and investment in roads, there has never been a doubt that such work must be done, and paid for by government. Opinions have differed, at times, as to which of them should pay for it.

*Providing for the further' uses*

16. While there have always been some government agencies among those interested in the 'further uses' (the later points listed at paragraph 8, for example) much of the interest is found elsewhere. It could be argued that they are discretionary to some extent and should be subject to the full force of a cost recovery regime. From this point of view, no statistical output would be generated and supplied without due payment.

17. I have long taken a different view, that the community, having already spent some millions of dollars, is best served by ensuring that all uses which are primarily in the public interest should be assured suitable access to the statistics. Seen in the contemporary terms of 'mutual obligation', I would venture that the individual respondents to the Survey are more likely to consider their unpaid contribution reciprocated when the MVC and SMVU have contributed as far as possible to better

transport planning, road safety, traffic management and environmental protection, rather than to the State and Commonwealth taxing functions alone. Government (probably through the ABS) may discharge its side of the bargain by arranging for that access. I believe that this view is widely shared.

### **Cost recovery beyond the bedrock users - what costs, how recovered?**

18. What do we know about the cost of production, the pricing and the level of use, of the various public outputs which go to these further uses?

19. **The basic SMVU and MVC summaries.** The cover price of \$20 seems quite reasonable, unlikely to inhibit demand and capable of recovery if demand is adequate. In any case, these are among the ABS reports which are provided free of charge to a range of public and institutional libraries. While unlikely to help with any research in depth, they do provide some broad data, and show the student the nature of the information which may be available. Assessment of the scale and pattern of distribution of these summaries would be the first step in understanding how the ABS motor vehicle statistics contribute to Australia as a 'knowledge nation' in this area.

20. For some unknown reason the numbers of copies printed, sold and donated to libraries are secret. Access to this information was denied me when trying, in the early 1990s, to investigate an apparent collapse in the research use of SMVU and MVC data following introduction of a regime intended to recover costs.

21. **Supplementary tables - various forms.** For over twenty years the supplementary tables have provided the starting point for much serious research on motor vehicles and transport trends in Australia. In the early days these were produced as basic computer outputs collated and distributed on microfiche. The greatest number of different cross-tabulations was generated from the 1985 SMVU and I am aware of these being browsed for insights by researchers up to ten years later. The microfiche were supplied at the nominal cost of reproduction.

22. Supplementary tables after 1985 were produced in systematic topic sets based on vehicle types, fuel characteristics, etc. and priced with the intention to recover a significant part of the cost of generation, as well as the reproduction and handling costs. The price for a single topic, comprising one or two dozen tables, was of the order of \$600, with a complete set of all available topics costing around \$4,000.

23. *The questions central to my submission are "Has the pricing after 1985 been a severe deterrent to uses which could yield a community benefit? If so, how widely does it apply?" If the answers are, respectively "Yes" and "Widespread", we should question whether cost recovery in its present form is a sensible policy.*

24. When asked directly, the ABS held that the number of these tables distributed at 'cost recovery' prices was secret. So also their earlier counterparts. And so we are reduced to seeking indirect evidence on the trend of this 'market'.

25. As indirect evidence of their level of use, I have observed that a number of researchers who were previously conversant with the more detailed matters to be learned from the SMVU quickly lost touch with the Survey for want of the funds needed to retain, and keep up-to-date, the output from successive Surveys. And what of their availability in libraries? Whereas the microfiche tables up to 1985 were to be

found in many libraries, the later 'supplementary tables' have not been donated to libraries around the country and I understand that there is no copy available for examination in the ABS' own library in Canberra.

26. To sum up this point, it seems that many of the 'further uses' withered in the first decade of intended cost recovery, to the detriment of our understanding of diverse aspects of the roles played by cars, trucks, buses and bikes in Australia. It seems also that so few clients survived, or emerged, that precious few costs were in fact recovered. (But it does seem that the tables have actually been generated, and all associated costs of production already incurred by the ABS, for client orders are met promptly when they arise.) Perhaps this trend has been so extreme because so many of the uses are in the 'public good' areas which have been strapped for cash during this time. Relatively few potential uses (or none? the ABS may know) are to be found in entrepreneurial commercial areas where money might be spent in the pursuit of some lucrative goal.

27. In the past I have been told by ABS staff that if a 1992 SMVU package costs \$600 when it is warm and fresh, it will still cost \$600 many years later, when it is old and cold (but still of value in longitudinal studies, for example). I fear that there may be no provision for publicly accessible archival sets of the supplementary tables from 1988, 1992 and subsequent SMVUs and MVCs. If this is so, then decision making will be deprived not only of contemporary data but also the historical trends which illuminate the important relationships between factors in a complex system.

28. It is encouraging to learn that the relevant area of the ABS is now trialling the 'marketing' of a compromise set of supplementary tables at the very reasonable price of \$43 per year of SMVU. The examples produced so far are relatively light on elaboration of the lateral interest' matters such as driver and non-truck vehicle characteristics. Perhaps they will come next. We must wish the ABS well in rebuilding a market.

29. **Commissioned work.** From the time of the earliest Surveys, made-to-order additional analyses have been prepared for individual clients on a negotiated fee for service basis. The *terms* of such services are rightly a confidential matter for the two parties. But it is not self evident that the *number* of such commissions in a given period should necessarily remain a secret. Indeed such information might help us to recognise the development of sophisticated uses of information which has been gained in the first place with some millions of dollars funded by Australian taxpayers.

### **Who needs the statistics?**

30. There has never been evidence of a substantial commercial market for motor vehicle survey and census data, among companies seeking to generate a financial return from its use. The principal users have been government agencies with road taxing and investment responsibilities, described in paragraph 9 as comprising the bedrock' demand. The areas of use listed in paragraph 8, after the first, are essentially the realm of public sector bodies, postgraduate study, academic research and community bodies.

31. In my own experience, some central government bodies could not justify the outlay of thousands of dollars on statistics against the possibility that their staff would find the time to master their key points in the limited time available to address particular queries. In some instances consultants to government who might have made good use of such data in contract work were expected to self fund these 'tools of trade' which would

remain with them on completion of the contract. In response they chose to avoid sophisticated and costly use of the SMVU and MVC. I believe that it is for such reasons that, in a number of significant policy developments, there has been no evidence that *any* government agency made use of such ABS statistics as were available, but not widely distributed at the 'cost recovery' price for access.

32. Complex sets of data benefit in a number of ways from repeated use for different purposes. Each published analysis, as well as casting some light on the immediate question, will open up reader's mind to further possibilities. These may make further use of surveys already completed or suggest developments for future surveys. They may also serve the needs of quality assurance, identifying biases and errors which have hitherto been undetected.

33. Such benefits are best achieved by giving ready access to the data for a wide range of diverse uses. I believe that the cost recovery regime inhibited development of such a diverse community of users which might otherwise have been maintained among State, Territory and Commonwealth government agencies, their consultants, academic and student researchers, community groups and interested individuals.

#### **Are motor vehicle statistics a different case?**

34. From my conversations with people interested in social policy and welfare issues, among others, I understand that their work suffered a similar decline in the penetrating use of ABS survey and census.

#### **Future developments in cost recovery by the ABS: Recommendations arising from this Productivity Commission Inquiry**

35. Cost recovery was adopted by Commonwealth government agencies in various forms in the past ten to fifteen years in compliance with a broad policy set down by the government of the day. Sufficient time has passed for the effects of the initial implementation and subsequent adjustments to be documented. My submission describes the effects which I observed arising from cost recovery adopted by an agency whose sole purpose is to collect and disseminate statistical information on the functioning of the Australian community in its many aspects.

36. I consider that the ABS and the Australian 'client community' for motor vehicle statistics were poorly served by the approach to cost recovery adopted. The replacement now being trialled could well bring back classes of users lost for a number of years.

37. When the new arrangements are settled the ABS should commit resources sufficient to render the output from earlier MVC and SMVU cycles accessible to a comparable degree (in terms of price and library' accession) so that historical trends can be more widely studied.