

COST RECOVERY? SHOULDN'T THAT BE VALUE RECOVERY?

Let's think again about our wealth of census and statistics.

Supplementary submission to the Productivity
Commission *Cost Recovery Inquiry, 2000-2001*

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8 June 2001

In summary

We now extract value from Australia's quantitative self-examination -- the Australian Bureau of Census and Statistics - by doing that which must be done and then inviting additional business that will pay for itself. On the face of it, the latter is running at a level which suggests that there is barely a five percent addition to the volume of use available beyond the obligatory output.

The 'client base' under this plan is limited.

I suggest that such arrangements are poorly matched to the totality of Australian community interest in the infrastructure collected by ABS. Something more is needed if the potential return to the Australian community, on its annual investment of a quarter of a billion dollars, is to be realized.

A few propositions

The ABS program is driven by an [understandable] fixation on national economic management and statistics.

ABS has not yet published data on the proportion of cost recovery income received from (a) government agencies involved in economic management and the harvesting and spending of taxes. and (b) financial sector clients who live by the vicissitudes of markets. It is my guess that this amounts to the great majority of receipts.

This notwithstanding, many of the collections can potentially be of great interest and value to people, and community functions and activities, far removed from the --'marketplace'.

This is a broad stream of the public interest, measured not by the number of people who happen on it through newspaper articles. etc. but by the vigour and informed discernment which it can inject into the considered life of the nation.

Australians at large have paid for it: they could reasonably demand value for their tax money.

Somewhere 'out there' there are a thousand, or ten thousand. untapped (or unserved) 'clients' for ABS output who, given the opportunity, will invigorate this additional 'public interest' output. Each generation of students will add to that number.

The Commission's request (Draft Report P228) for further views on the design of cost recovery arrangements across information agencies.

To the extent that the foregoing propositions are accepted, my response is that the focus should be on recovering full value in the currently neglected public interest areas of Australian community. The additional cost in ABS funding should be containable by phasing in appropriate IT based product dissemination and survey improvement.

Charging should address the issue of better engagement with clients, and expansion of the client base. Only time will tell whether cost recover- receipts decrease under this regime. In any case, there is little downside under the current receipts.

Dialogue with ADS after the Draft Report was released..

I attach my letter, dated 17 May, to the Australian Statistician; Mr Dennis Trewin, and his reply, dated 25 May, broaching the issue of greater client engagement in the course of developing the ABS contribution to public interest issues. I sought to support the principles advanced in the Draft Report with more specific suggestions of mechanisms appropriate to the ABS areas of work.

Mr Trewin's reply identifies two barriers to substantial change in the direction which I believe the Commission is suggesting, and which I have sought to support.

- The cost of providing Web services is often underestimated.
- ABS current options are predicated on absorption of such costs, to the detriment of the range of statistical collections.

I have discussed this subject at some length with Dick Crockett, named in Mr Trewin's letter as the appropriate contact. While I agree in general with both of the points raised in the letter, I believe that reconsideration of the underserved public interest, and a willingness to fund better dissemination of statistics from public sources, is timely.

- A big bang in the commencement of new arrangements is not desirable. By pursuing incremental change. ABS will be able to optimize its arrangements through pilot efforts and consultation with the interested clients. I believe that some of the interface will be willingly developed by clients, drawing on their own resources.
- Government must be willing to fund this improvement of its service to the community at large. Such action would be consistent with policy directions which have already been identified as high priority.

'Innovation Policy' could well include development of a more statistically informed community in each of the many sectors which, in some way, will draw on our statistical heritage. It is unnecessary, and inefficient.. to choose particular targets for 'innovation' funding while neglecting whole-of-community opportunities.

To be more than a community of technicians, a 'Knowledge Nation' must have the self knowledge, as well as the hardware and the software. In statistical areas other than the National Accounts, ABS stands short of that role at present.

Areas that should benefit from the suggested change in focus

I suggest in this submission that we cannot identify the full extent of the gains to be had from better dissemination of ABS statistics. It is therefore inappropriate to list areas of gain which might be preeminent. However, as an aid to discussion I mention two areas with which i am familiar to some degree.

1. Motor vehicle statistics, from the Motor Vehicle Census (MVC) and the Survey of Motor Vehicle Use (SMVU). My earlier submission identified a number of public interest areas which will benefit from a wider and more data-rich client base. The ABS data might be supplemented in some cases, for example, with information on accidents, which could be provided by the Federal Office of Road Safety.
2. Population and farm census data feeding into the complex of geographic information sources now being applied to land use, land capability and sustainability. There is already a well established and very numerate complex of State and Commonwealth agencies, research and consultancy, bodies and community organizations who make good use of diverse sources of data. ABS appears to be somewhat lagging in establishing the interface which would service this area to best effect.

How widely applicable?

While similar arrangements may be appropriate to the other information agencies, my attention has been directed solely to the achievement of value recovery by ABS, in the interests of the Australian community as a whole.

ATTACHMENTS

(attach letter to Dennis Trewin. separate doc)
(attach faxed 1 page reply from Dennis Trewin)

Mr Dennis Trewin
The Australian Statistician
Australian Bureau of Statistics
PO Box 10
Belconnen ACT 2616

17 May 2001

Dear Mr Trewin

**ABS relationship with clients/collaborators:
support for innovation**

In the light of my longstanding relationship with the Australian Bureau of Statistics, dating from the late 1970s, I have taken an active interest in the current Productivity Commission Inquiry into Cost Recovery, with particular reference to the arrangements applying to information agencies. I copied my first submission to the Inquiry to the relevant area of ABS, in draft, for comment before finalisation.

I see in the ABS Submission to that Inquiry, and the Preliminary Report by the Commission, an emerging opportunity for ABS in particular to spark major improvement in the statistical literacy of the community; also contribute to innovation among the diverse industry and community sectors which may benefit from better use of ABS statistics.

The cost recovery model applied by ADS over the past decade inhibited individual access to the statistics. This has been true especially of the extensions beyond the standard over-the-counter tabulations. I was one of many occasional users who could no longer afford to trawl through the many possibilities in a subject before lighting on the few which would reward detailed work. The erstwhile community of users shrank below critical mass and the forbidding commercial environment discouraged a free exchange of work in progress and underlying tables which were the jealously guarded commercial property of ABS.

Some cost recovered services to ABS clients will undoubtedly continue. But by lifting such inhibitions in the areas with a wider market, ABS will be able to substantially expand its client base. More importantly, however, by adopting appropriate measures for distribution you could foster the development of post-publication analysis and exchange in ways which

- identify for you, and link with, that client base;
- facilitate the development and exchange of value-added statistics at little or no cost to ABS;
- bring into the ABS surveys, etc., the value-added formats for routine application on later occasions; and
- foster ongoing discussion of improvements in the collection.

While it may appear that some cost recovery revenue is lost by such change, the few percent of the ARS operating budget which it represents could well be offset by new efficiencies coming from a more continuous intellectual engagement with the community of statistics users. The ratio of end use value and volume to survey and census cost should increase greatly.

2.

Such development would be consistent with the Government's declared intent to improve Australia's economic performance by fostering innovation. This it would do by improving, in quality and timeliness, the use of this publicly acquired intellectual property throughout the Australian community.

The great advances in IT over the past decade ensure that a Year 2001 launch of an enhanced output value portfolio by ABS will be revolutionary in its advance on the earlier forms, delivered before cost recovery became the top priority. I understand that discussions are already underway in ABS as to how best to deliver in a new climate.

I would be very happy to join an online circle of statistics users, hosted by ADS, sharing the exploration and value adding which must see relevant statistics become more of an everyday tool in Australian work, education and community.

Closing a gap

New arrangements in 2001 will not immediately address the problem of the 1990s, whereby statistical collections continued but dissemination and value adding were inhibited. The time series in the statistics available from ABS, and in the working libraries of many statistics users, are still attenuated or broken.

Statistics not acquired by potential users during that period, due to cost, are of negligible value. The ADS and the community at large can only benefit from belated distribution at the marginal cost of supply.

I would like to suggest that, when your new arrangements are in place, some resources be applied to correcting this deficiency. I believe that you would be well supported in such a project by the online circle of statistics users proposed above.

The extra activity, and quick development of a substantial body of useful material, would serve to draw to the attention of the yet to be enlisted market the benefits which may be derived from the improved ABS statistics in the new century.

I am taking the liberty of attaching a copy of this letter to my further submission to IC Cost Recovery Inquiry.

Yours sincerely

Mark Paterson



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Dr Mark Paterson
ACT

Dear Dr Paterson

Thank you for your letter of 17 May 2001 concerning access to detailed ABS statistics.

I note your continuing interests in ABS making detailed data available for researchers, such as yourself, far more accessible through cheaper and improved access arrangements. I understand and appreciate your line of argument, and indeed usage of statistics would increase as you suggest.

As you may know, the ABS is continuing to expand its Web based dissemination services and our intention is to continue to increase the amount of data available on the Web free of charge over time, in the interests of satisfying a wider community of users, such as yourself.

However I do not expect detailed tabulations from ABS collections will be available on the Web for free, and under current Government budget and user pays arrangements they will remain priced, on a cost recovery basis. There are many reasons for this including the management of demand. Our experience, and that of other statistical agencies, is that there are not only considerable fixed costs associated with, Web based services but costs vary with demand. Unless we recover some of the costs associated with these activities, it will be necessary to curtail statistical activities. That is, unless budget appropriations are changed, the increased usage of official statistics would be offset by a reduction in the other available statistics.

ABS is always willing to discuss the statistical needs of users such as yourself. I would suggest that, after the Government has made its response to the Productivity Commission's final report on Cost Recovery, obtain an ABS briefing on likely future dissemination developments that may be of assistance to you. The ABS contact officer on this issue is Dick Crockett, Assistant Statistician, Information Services on 02-6252 7157.

Thank you for your continuing interest in ABS statistics.

Yours sincerely

(signature)

Dennis Trewin
25 May 2001

Included with this submission were two newspaper articles which could not be reproduced clearly in an electronic document for publication on the website. The Newspaper and captions were:

- 1 The Canberra Times – Recession buried as economy lifts
- 2 The Canberra Times – Women's job and earning rate up: ABS