

**REGULATION TASKFORCE  
REDUCING THE REGULATORY BURDEN ON BUSINESS**

**SUBMISSION BY THE AUSTRALIAN BUREAU OF STATISTICS  
November 2005**

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**Introduction**

The Australian Bureau of Statistics (ABS) is Australia's official national statistical agency. It provides statistics on a wide range of economic, social and environmental matters, covering government, business and the population in general. It also has an important coordination function with respect to the statistical activities of other official bodies, both in Australia and overseas.

2 The ABS Mission, as outlined in the ABS Corporate Plan, is:

*'To assist and encourage informed decision-making, research and discussion within governments and the community, by providing a high quality, objective and responsive national statistical service'.*

3 One of the seven key strategies of the ABS Corporate Plan is the 'trust and cooperation of our providers'. Maintaining good relationships with providers, maintaining a strong record for maintaining the secrecy of data provided, reducing reporting load, and taking full account of the costs of statistical demands on providers, are key elements of this strategy.

4 In fulfilling this mission, the ABS balances the need for statistical information by the user community with the compliance burden placed on the providers of information. Compliance burden is treated as a critical factor in determining the justification and priority for collection proposals, and is an ongoing focus at both the individual collection and overall levels in determining the ABS survey program each year.

5 This submission comments on the successful program of compliance reduction that the ABS has achieved over the period since the 1996 Small Business Deregulation Task Force review and indicates the methods used by the ABS which have resulted in these reductions.

6 The submission concludes that the balance between user needs and compliance burden is appropriate at current levels and while efforts will continue to reduce the compliance load, the challenge for the ABS is to contain historically low levels of compliance burden in the context of increasing demands from government and other users of statistical information to provide

data to support evidence based policy development and monitoring, and effective business planning.

7 ABS interest in Taskforce recommendations relates to any impact that might apply directly to ABS statistical activities, and to recommendations which might affect the supply of administrative data to the ABS, potentially diminishing ABS efforts to reduce compliance burden imposed directly through its survey program.

### **Authority to obtain information**

8 The ABS implements its mission under the authority of legislation which determines the functions and responsibilities of the ABS - the *Australian Bureau of Statistics Act 1975* and the *Census and Statistics Act 1905*.

9 The functions of the ABS are defined in section 6 of the *Australian Bureau of Statistics Act 1975* as follows (in part):

- 'a to constitute the central statistical authority for the Australian Government and, by arrangements with the governments of the states, provide statistical services for those Governments;
- b to collect, compile, analyse and disseminate statistics and related information;
- c to ensure coordination of the operations of official bodies in the collection, compilation and dissemination of statistics and related information, with particular regard to:
  - i the avoidance of duplication in the collection by official bodies of information for statistical purposes;
  - ii the attainment of compatibility between, and the integration of, statistics compiled by official bodies; and
  - iii the maximum possible utilisation, for statistical purposes, of information, and means of collection of information, available to official bodies;
- d to formulate, and ensure compliance with, standards for the carrying out by official bodies of operations for statistical purposes;
- e to provide advice and assistance to official bodies in relation to statistics; and

f to provide liaison between Australia, on the one hand, and other countries and international organisations, on the other hand, in relation to statistical matters.'

10 The *Census and Statistics Act 1905* provides the Australian Statistician with the authority to conduct statistical collections and, when necessary, to direct a person to provide statistical information. The *Census and Statistics Act 1905* also requires the ABS to publish and disseminate compilations and analyses of statistical information and to maintain the secrecy of information collected under the Act. The power to collect statistics is provided by section 9 (1) of the *Census and Statistics Act, 1905*, where it states:

*'The Statistician*

*(a) may from time to time collect such statistical information in relation to matters prescribed for the purposes of this section as he or she considers appropriate.*

11 Clause 5 of the Statistics Regulations prescribes the matters for which statistical information may be collected (see Attachment A).

### **ABS Efforts in Managing Compliance Burden**

12 In order to fulfil its charter to provide statistics on a wide range of economic, social and environmental matters, the ABS seeks the assistance on businesses in providing information that contributes to the compilation of official statistics. In so doing, the ABS is committed to minimising the compliance burden placed on businesses.

13 The 1996 Small Business Deregulation Task Force developed recommendations to reduce the government compliance burden on businesses, and small businesses in particular. The Task Force looked at all types of government compliance burden and commissioned an independent survey which concluded that the burden imposed by statistical collections amounted to around one percent of the overall burden. Notwithstanding this small proportion, the ABS actively collaborated with the Task Force to develop a range of recommendations which would reduce this load significantly. The recommendations (accepted by the government) included:

- a a target of 20% reduction in the burden imposed by ABS collections;
- b establishment of a Statistical Clearing House where all statistical collections conducted by Commonwealth agencies would be subject to intensive review in terms of their need, relevance, methodology and respondent burden;

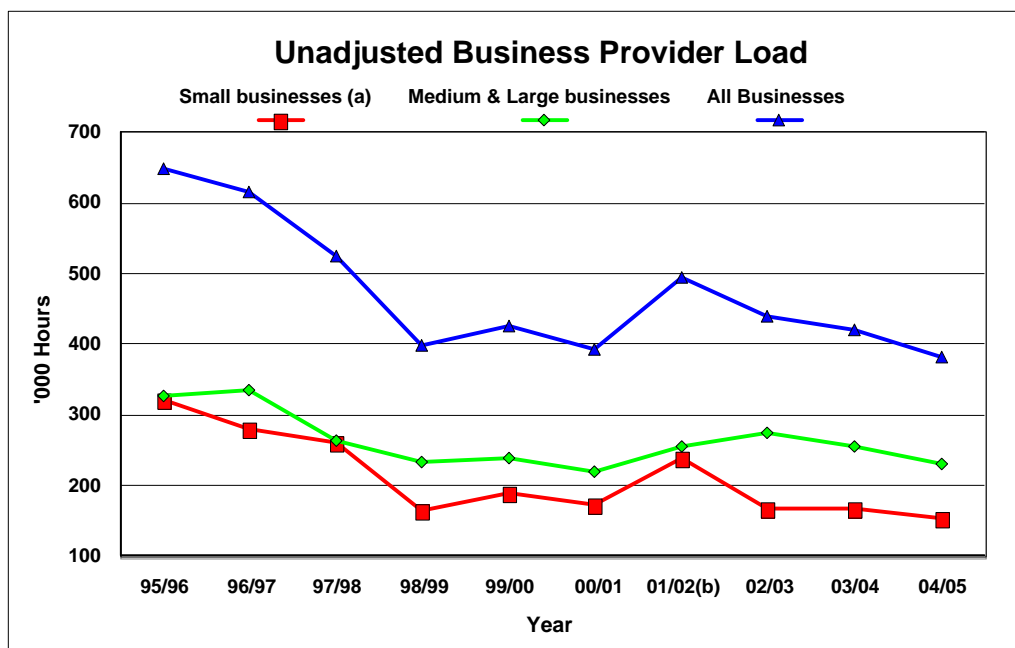
- c the creation of a Business Surveys Charter which set out the rights and obligations of businesses selected in ABS surveys; and
- d a requirement for the progressive assessment of provider load levels.

### Reduction Target

14 In 1995-96, the estimated compliance burden by businesses in ABS statistical collections was measured at some 650,000 hours per annum. The amount of time taken per annum by businesses in providing data to the ABS has been reduced considerably since that time.

15 Figure 1 below indicates that the average compliance load imposed on businesses by the ABS over the past five years has been about 427,000 hours per annum, or about 34% lower than in 1995-96. The average compliance load for small businesses over the past five years has been about 180,000 hours per annum, or about 44% lower than in 1995-96.

#### 1: Provider load imposed on businesses by the ABS (hours '000)



(a) Businesses with less than 20 employees or a derived estimate of employees of less than 20.

(b) Higher provider load estimates for 2001-02 reflect the conduct of the five-yearly Agricultural Census.

16 A range of methods have been used to reduce the compliance burden by the ABS:

- a careful consideration has been given to the need for information and its relevance to policy determination and monitoring, and some collections have been discontinued or changed in frequency, size, coverage or scope

- on a relative priority basis taking into account the compliance burden imposed by each collection;
- b administrative data and modelling methodologies have been introduced as an alternative to the direct collection of information from businesses;
  - c sample surveys rather than full censuses have been adopted wherever possible;
  - d sample management and rotation methodologies have been used to help minimise the compliance burden on individual small and medium sized businesses;
  - e size cut-offs and form size and content management strategies have been used to minimise the number of businesses included in surveys, and to minimise the amount of information sought from businesses;
  - f options are provided to providers to facilitate the most convenient method of supplying data covering paper forms, telephone, facsimile, and increasingly, electronic delivery services; and
  - g careful estimates are accepted where precise information is not readily available and financial statements are accepted as an alternative to form completion where this is relevant and preferred by the provider.

17 Good form design is a critical element in the management of compliance costs. ABS has best practice standards and methods in its form design practices, which include seeking information in a way that is consistent with the record keeping practices of most businesses, or notifying them in advance if the survey involves the need for special information. Extensive testing of forms is undertaken with business providers prior to their use in live survey activity. While this contributes to long lead times and higher costs for survey development, the process is accepted as an essential element in ABS endeavours to minimise the compliance impact on providers.

18 Internal arrangements in the ABS have been upgraded over recent years to improve the service that ABS provides to providers of information, allowing the adoption of more efficient response handling systems, and use of staff who are specifically skilled in assisting businesses to provide information more efficiently. The improved service level is reflected in a reduction in the number of complaints from business survey providers from some 550 in 2001-02, to some 300 in 2004-05. Each year over 100,000 businesses are selected in ABS business surveys.

## **2: Complaints from business survey data providers**

	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Number of complaints	550	427	397	300

19 An important part of managing the compliance load is the development of appropriate policies and guidelines to ensure consistency in approach, and monitoring the compliance load over time to ensure that it is well managed. The ABS has established a high level project management committee, the Business Provider Relations Policy Committee, which meets twice per year to review and authorise continuously improving policy and guidelines and to monitor the overall load being imposed. This culminates in performance information reported each year in the ABS Annual Report.

20 While the ABS will continue to manage the overall level of compliance burden on business, and continue to use methods such as those outlined in paragraphs 16 and 30-32 to minimise the compliance load as much as possible, it is likely that further reductions will be marginal rather than substantial. The reductions in sample sizes and frequency of collections over the past nine years have already impacted significantly on some uses of statistics, particularly in terms of the time-relevance of current versions of data for particular applications (where frequency has been reduced), and the availability of finer levels of data such as regional data, and data by fine industry classification (where sample sizes have been reduced and/or collections have been converted from censuses to surveys). In my opinion, the threshold limit has been reached in this regard.

#### Statistical Clearing House (SCH)

21 The 1996 Small Business Deregulation Task Force recommended in its report *More Time for Business* that statistical collections affecting 50 or more businesses and run by, or on behalf of, Australian government departments and agencies, be subject to a central clearance process. The purpose of the recommendation was to ensure that all such surveys were necessary, and if so, were well designed to minimise compliance load and maximise benefit. The clearance process would also be an effective means of monitoring the load imposed on business respondents. In view of its statistical expertise and statutory coordination role, the ABS was asked to administer the clearance process. The Statistical Clearing House was set up on 1 July 1997 for this purpose and clearance operations began on 1 December 1997.

22 Table 3 provides details of the number of survey reviews undertaken by the Statistical Clearing House in the five years to 2004-05. Throughout 2004-05, 116 reviews were completed by the SCH, resulting in non-approval of two collections, and improvements to survey design and/or compliance burden for

71 collections. In 2004-05, the annualised load imposed on providers by the non-ABS surveys reviewed by the SCH was 34,107 hours.

### 3: Statistical Clearing House - completed reviews of statistical collections

<b>Year</b>	<b>ABS</b>	<b>Other</b>	<b>Total</b>
2000-01	40	70	<b>110</b>
2001-02	38	77	<b>115</b>
2002-03	52	117	<b>169</b>
2003-04	33	87	<b>120</b>
2004-05	33	83	<b>116</b>

23 The SCH's Australian Government Business Surveys Register (available on the Internet at <[www.sch.abs.gov.au](http://www.sch.abs.gov.au)>) provides access to information on collections that have already been conducted including survey design standards and best practices for organisations developing surveys. The register has become an important element of the clearance process as it is the primary means through which organisations with particular data needs can identify collections that have already been conducted, reducing the potential for duplication. Metadata relating to 965 surveys are currently disseminated on the SCH web site.

#### ABS Business Surveys Charter

24 The *ABS Business Surveys Charter* sets out the relationship between the ABS and businesses which provide it with information for statistical purposes. The Charter explains how businesses can seek help from the ABS and provides for businesses to ask for a review of the complaints handling process. The Charter was developed in consultation with representatives of small business and is reviewed annually. Procedures for obtaining information about ABS collections and for seeking exemptions from completing individual surveys are contained in the Charter. The Charter is provided to new respondents in collections involving businesses and is available on the ABS web site or on request at any ABS office in English, Mandarin, Vietnamese, Greek and Arabic. A copy of the text is provided at Attachment 2.

#### Assessment of Provider Load Levels

25 Following the 1996 Small Business Deregulation Task Force review, the ABS implemented a process to collect information from providers about the time

taken to complete ABS statistical returns, leading to an assessment of compliance load for all ABS business collections since 1995-96. As mentioned earlier, these data indicate a 34% reduction in compliance load for ABS business collections since 1995-96. Attachment 3 provides an example of compliance questions asked on ABS business survey forms.

### **ABS Relationship with Business**

26 An effective relationship with the Australian Business community is an essential element of the way that ABS does business. Representatives of industry sit on the Australian Statistics Advisory Council, on the Economic Statistics User Group, and on a range of user groups which focus on the requirements and priorities of specific subject matter fields.

27 Business representatives on these groups come from small, medium and large enterprises, industry associations and peak bodies such as the Australian Chamber of Commerce and Industry, the Australian Industry Group, the National Farmer's Federation, etc. Just as the ABS keeps a careful eye on compliance burden in the context of user needs, these organisations weigh up the relative priority for information to assist industry decision making and representation to government, against the compliance costs to their peer organisations and members. This process provides checks and balances in both discussion and decision making regarding the demands placed on business by ABS survey activity.

28 Often, industry organisations provide direct support to the ABS to obtain the assistance of their members in ABS survey activity. A recent example of this has been assistance provided by tourism industry associations to support the expansion of the quarterly Survey of Tourist Accommodation to cover a wider range of hotels, motels and serviced apartments, and to include caravan parks, visitor hostels and holiday flats and units in the collection. This example is mentioned because this is a recent case in which business was an active partner in expanding a survey which involves mainly small and medium sized businesses in a collection that is seen by business as vital to the future of the relevant industry.

### **Importance of Administrative Data to the ABS**

29 One of the ways that ABS has been able to reduce its compliance burden (by 34 %) over the past nine years has been to use data available from administrative processes as a substitute for directly collected data by the ABS.



30 The introduction of the New Tax System in the year 2000 provided the ABS with opportunities to use tax information as an alternative to directly collected data by the ABS. This has included:

- a adoption of the Australian Taxation Office (ATO) Australian Business Register as the primary source of information for the ABS Business Register;
- b use of Business Income Tax (BIT) data to improve the quality of the National Accounts and industry surveys such as the annual Economic Activity Survey that provide source data for the National Accounts; and
- c use of Business Activity Statement (BAS) data to help improve the efficiency of ABS surveys, most notably the monthly Retail Business Survey which is an important National Accounts source, as well as an important economic indicator in its own right.

31 ABS use of Business Income Tax data is currently restricted under *Income Tax Assessment Act* legislation to applications for specific statistical purposes. Amendments are currently before parliament which is designed to allow the use of BIT data by the ABS for wider statistical purposes. It is expected that this will assist the ABS to contain the average business provider load in the context of growing demand for business statistics across a wide range of applications.

32 Other notable examples of ABS use of administrative data for business statistics purposes which are helping contain the overall compliance burden imposed by the ABS on businesses include:

- a use of Customs imports and exports data as input to Balance of Payments, International Trade in Goods and Services and National Accounts statistics;
- b use of financial sector information through an agreement with the Australian Prudential Regulation Authority (APRA);
- c access to building approval data through state regulation authorities and local government organisations; and
- d access to new motor vehicle sales data through the VFACTS series produced by the Federal Chamber of Automotive Industries (FCAI).

33 The potential for inadvertent impact on these sources, of recommendations made by the Regulation Taskforce, is of concern to the ABS. For example, if recommendations are made about the frequency and content of

Business Activity Statement (BAS) reporting to the Australian Taxation Office, there is a potential impact on the flow of data as input to the Retail Business Survey and to other aspects of ABS economic statistics. Changes to Customs import and export sources could similarly impact on the Balance of Payments and the National Accounts. There is a possibility that a change of this type to tax and/or customs reporting, could result in a need for ABS to implement alternative direct collection to ensure the ongoing integrity of relevant statistical series.

34 ABS is willing to assist the Taskforce in assessing the impact of any potential recommendations that could impact on statistical series in the way outlined above.

### **Conclusion**

35 The purpose of this submission is to notify ABS interests in the management of compliance burden, and the efforts made by the ABS over the past nine years to reduce and contain the level of compliance burden imposed by the ABS in its survey activity.

36 It is my assessment that there is little scope to significantly reduce the level of compliance burden imposed by ABS statistical activity, in the context of the priorities for information which are expressed and scrutinised by both government and business users. However, we will continue to look out for opportunities to further reduce compliance burden and apply them wherever possible.

37 We know from focus group studies that businesses are more willing to complete statistical returns if they see the value of statistical activities either to themselves or Australia. We have worked on this but there is scope to further improve business awareness of the importance of ABS statistics.

38 I would ask that ABS interests be taken into account in any recommendations to reduce compliance for information which ABS sources from the administrative records of other agencies, and the Australian Taxation Office and Australian Customs Service in particular.

39 Denis Farrell, First Assistant Statistician, Economic Surveys and Integration Division (ph 02 6252 6035, email [denis.farrell@abs.gov.au](mailto:denis.farrell@abs.gov.au)) is the ABS contact for this issue. If it would assist the Taskforce, I would be happy to discuss these matters with the Panel.

Dennis Trewin

Australian Statistician

November 2005

## Attachment 1

### **Statistics Regulations (extract) made under the *Census and Statistics Act 1905***

#### **5 Prescribed matters in relation to which statistical information may be collected**

For the purposes of section 9 of the Act the following matters are prescribed:

- (a) migration;
- (b) births, deaths, marriages and divorces;
- (c) population and the social, economic and demographic characteristics of the population;
- (d) health, health services and quarantine;
- (e) health benefit and health insurance schemes;
- (f) social and welfare services;
- (g) pension and superannuation schemes;
- (h) accidents and injuries;
- (i) public safety;
- (j) law;
- (k) crime;
- (l) the Defence Force and police forces;
- (m) local government;
- (n) education;
- (o) scientific research and development;
- (p) recreation and entertainment;
- (q) cultural activities;
- (r) tourism;
- (s) energy;
- (t) water resources;
- (u) conservation and environment;
- (v) agricultural, apicultural, poultry, dairying and pastoral industries and related service industries;
- (w) fishing, hunting and trapping;
- (x) mining, mineral and petroleum exploration, quarrying and related service industries;
- (y) forestry, saw milling and related service industries;
- (z) manufacturing;
- (aa) housing;
- (ab) construction and demolition;
- (ac) repairs and maintenance;
- (ad) wholesaling and retailing;
- (ae) food preparation and food consumption;
- (af) transport and storage;
- (ag) wages, earnings, hours of employment and workers' compensation;
- (ah) conditions of employment;
- (ai) employment and unemployment;
- (aj) industrial disputes and arbitration;
- (ak) employers' and employees' associations;
- (al) income, expenditure and savings in relation to a person, household or family;
- am) prices and charges;
- (an) business, professional, personal and household services;
- (ao) trade and commerce;
- (ap) overseas transactions;
- (aq) banking;
- (ar) insurance;
- (as) finance;
- (at) ownership and control of property;
- (au) assets, liabilities and financial operations and transactions of a natural person or an organization;
- (av) land tenure and occupancy;
- (aw) real estate including land and property development;
- (ax) taxation;
- (ay) investment;
- (az) communications.

## **Attachment 2**

### **ABS Business Surveys Charter**

*This Charter sets out the relationship between the ABS and businesses which provide us with information for statistical purposes.*

#### **Who we are**

The Australian Bureau of Statistics (ABS) is Australia's official statistical agency. Our functions and responsibilities are set out in the *Australian Bureau of Statistics Act 1975* and the *Census and Statistics Act 1905*. The ABS's Annual Report to Parliament provides information on our activities and achievements.

#### **Our Mission**

We assist and encourage informed decision making, research and discussion within governments and the community, by providing a high quality, objective and responsive national statistical service.

#### **What we do**

We collect, compile, analyse and disseminate information on a wide range of social and economic matters. Our statistics are used by governments, business, industry organisations, academics and others seeking to understand Australian society and the economy.

Much of our economic data are collected directly from businesses through sample surveys. In this way, we minimise the number of businesses we need to include in our collections to publish reliable statistics. If your business is selected in one of our surveys, it is very important that you respond as fully as possible because you are representing other businesses of similar size and activity. Sometimes every business is asked to respond.

In recognition of your cooperation in providing information to us, we offer selected statistical publications on a complimentary basis on request.

### What you can expect from us

In our dealings with you we will:

- be professional and courteous;
- explain clearly what information we need and how the statistics compiled from this information will be used;
- work with you to resolve any difficulties caused by our requests for information;
- listen, and respond quickly and fairly, to any complaint that you make; and
- protect the secrecy of the information you provide, as required by statistics legislation. Our long standing record for maintaining the secrecy of information provided to us is widely acknowledged and respected.

### How you can help

To help us produce high quality statistics, we ask that you:

- provide the answers by the date requested; and
- answer the questions as accurately as possible. (We accept careful estimates where necessary.)

We ask businesses like yours for their cooperation, and most provide information willingly. (Under the provisions of the *Census and Statistics Act 1905*, if you are directed in writing to provide the information, you are legally obliged to do so.)

### Minimising costs to the business community

We work to minimise the costs to the business community by:

- using alternative sources of information instead of surveying businesses, wherever possible;
- seeking information in a way that is consistent with the record keeping practices of most businesses, or notifying you in advance if the survey involves your business keeping special records;
- testing our questions with businesses before running a survey;
- asking only a sample of businesses to complete forms for most surveys;

We select businesses in as few sample surveys as possible. Smaller businesses which have provided data for the *same* survey for three or more consecutive years may seek an exemption from *that* survey. This can be done by writing to the contact address shown on the survey form. We will grant exemptions where doing so would not significantly bias the results of the survey. Larger businesses make a more significant contribution to survey results and exemption is generally not possible.

For some surveys we need to include all relevant businesses to produce reliable results.

## Contacting us

We welcome direct contact from you. **If you need help in responding to a survey, please ring the contact number shown on the survey form.**

For general inquiries about statistics, you can contact us by letter, fax or email, or by telephone during normal business hours. A list of ABS Offices is on the back of this brochure.

If you have a problem which has not been resolved to your satisfaction by the contact on the survey form, you can write to:

Respondent Liaison Officer  
 Australian Bureau of Statistics  
 PO Box 10  
 Belconnen ACT 2616

Email: <business.charter@abs.gov.au>

If you write to us, we will send a written acknowledgment within one week. We may contact you by telephone, or arrange for an ABS staff member to visit you to resolve the issue. We will write to you advising of the outcome, usually within 4 weeks of receiving your letter.

If you are still not satisfied you can ask for a review by writing to: Complaints Review Officer, Secretariat Section, Australian Bureau of Statistics, PO Box 10, Belconnen ACT 2616.

A version of this charter is available in Chinese, Italian, Vietnamese, Greek and Arabic on the ABS website <[www.abs.gov.au](http://www.abs.gov.au)> or on request to any ABS Office.

## If you have comments

We value your feedback and invite you to comment on this Charter or our performance against it. Please ring the contact number on the survey form, or write to the **Respondent Liaison Officer** at the address above.

This *Business Surveys Charter* is reviewed regularly and updated as necessary. We monitor our performance against this Charter - see our Annual Report.

## More about us

You can find out more about the ABS by:

visiting the ABS website: [www.abs.gov.au](http://www.abs.gov.au); contacting the **ABS National Information and Referral Service** by telephone on 1300 135 070; or contacting your local public library for free access to ABS publications or our Annual Report.

Our Catalogue of Publications and Products (ABS Catalogue No. 1101.0) is available free of charge on our Website and through public libraries.



*A partnership between the ABS and  
businesses for quality statistics*

**ABS Offices**

website - <[www.abs.gov.au](http://www.abs.gov.au)>

**Central Office**

PO Box 10  
Belconnen 2616

**New South Wales**

GPO Box 796  
Sydney 1041

**Victoria**

GPO Box 2796Y  
Melbourne 3001

**Queensland**

GPO Box 9817  
Brisbane 4001

**Western Australia**

GPO Box K881  
Perth 6842

**South Australia**

GPO Box 2272  
Adelaide 5001

**Tasmania**

GPO Box 66A  
Hobart 7001

**Northern Territory**

GPO Box 3796  
Darwin 0801

**Australian Capital Territory**

PO Box 10  
Belconnen ACT 2616

**ABS National Information and Referral Service**

Client Services  
GPO Box 796  
Sydney NSW 1041  
Telephone: 1300 135 070  
Fax: 1300 135 211  
Email: <[client.services@abs.gov.au](mailto:client.services@abs.gov.au)>

## Attachment 3

**10. Please provide an estimate of the time taken to complete this form*****Including***

- The time actually spent reading the instructions, working on the questions and obtaining the information
- The time spent by all employees in collecting and providing this information
- The time spent by all employees to complete the worksheet sent to you at the beginning of the quarter

hrs

mins

**11. Please provide comments**

- on any of the information you have supplied on this form or the worksheet
- on any questions which caused problems
- if you would like to suggest improvements to this form

**Thank you for completing this form**