# Coverage and Content – The Australian Experience

UN Economic Census Workshop, China 2005

Presented by Eden Brinkley

# Overview of presentation

- Brief history of ABS annual collections

- Current annual collections program
  - Concerns with program

- Future annual collections program
  - Client needs
  - Proposed model to meet these needs
  - Scope and coverage
  - Frame and units
  - Data required

- Key points

# Brief history

- 1968-69 … Last full economic census

- 1990-91 … Economic Activity Survey

- 1994-95 … Started to supplement surveys with administrative data

- 2000-01 … New taxation system
  - Introduction of a goods & services tax
  - Creation of a number for every business and a public business register
  - Regular reporting of some business activity to Australian Taxation Office via Business Activity Statement

- 2001-02 … Started to integrate elements of annual collections

# Current annual collection program

- Annually
  - Economic Activity Survey (economy wide)
  - Manufacturing Industry Survey
  - Mining and Utilities Survey
  - Selected Service Industries Surveys

- Biennially
  - Information and Communications Technology Survey

# Current collection program (cont'd)

- Every 6-7 years
  - Construction Industry Survey
  - Retail Industry Survey
  - Wholesale Industry Survey

# Concerns with current program

- Lack of coherence amongst some of the annual collections

  - releasing statistics, nominally for the same industry, that did not accord

- Need for operational efficiency and simplicity

  - Annual collections operating as individually managed projects with different methodologies, systems and processes

# Concerns with current program (cont'd)

- National Accounts Branch concerned that annual estimates are not always 'fit for purpose'
  - Lack of coherence with quarterly collections
  - Outputs not always aligned with data needed for the National Accounts
  - Lack of regular product detail
  - Estimates not always split by sector

# Annual Integrated Collection (AIC)

- Established a project in 2003 to integrate annual collections into a single system known as AIC
  - Common designs and systems infrastructure directly focussed on meeting client needs
  - Changed culture and motivation for staff
    - focus on a 'big picture' program and operating environment
  - Phased in over 3 years from the 2004-05 reference year

# Approach taken

- Started with a 'bottom up' approach
  - Progressively align elements of the various collections in the program (e.g scope, estimation methodologies, etc.)

- Moved to a 'top down' approach
  - Start with a comprehensive prioritized assessment of client needs
  - Design collections to meet these needs

# Key client needs

- National Accounts requirements (must have)
  - Financial data across economy at Supply Use industry level annually
  - Financial product level data at least every 9 years (some as often as annually)

- Other client requirements
  - A range of financial, structural and activity data
    - at fine industry levels, by business size, by broad geographic region
  - Alternative views of the data across industries
    - e.g. satellite accounts

# Proposed AIC model

- A two-part integrated collection vehicle is planned

  - An annual economy-wide <u>core</u> collection

  - A <u>rolling program</u> of less frequent industry-specific collections linked to the core

# AIC future collection program

| Industry | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Core program** | | | | | | | | | | |
| **All industries** | | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| **Rolling program** | | | | | | | | | | |
| **SU industry A** | **IO industry A** | | ▓ | | | ▓ | | | ▓ | |
| | **IO industry B** | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| | **IO industry C** | | ▓ | | | | | | ▓ | |
| **SU industry B** | | | | ▓ | | | ▓ | | | ▓ |
| **SU industry C** | **IO industry D** | **Industry class A** | | | ▓ | | | | | |
| | | **Industry class B** | | | ▓ | | | ▓ | | |
| | **IO industry E** | | | ▓ | | | | | | ▓ |

# Scope and coverage

- Should ideally cover the scope of Australian National Accounts
  - All Australian based business activities of business entities that operated during the reference period
  - In practice we may need to have some exclusions (e.g. households institutional sector)

- Exploring inclusion of government in core estimates for first time

- Coverage will probably be restricted to businesses on ABS Business Register at 30th June each year

# Frame

- ABS Business Register comprised of two populations
  - ABS maintained complex population (about 6,000 units)
    - Accounts for about half of the business population's total operating income, and about a third of its employment
  - Australian Taxation Office maintained simple population (majority of units)
    - No feedback allowed

- Frame – taken from ABS Business Register

# Units

- Statistical unit for AIC
  - ABS maintained complex population
    - one or more business entities or sub-entities that can report production and employment activities at the broad industry level, and for which a full set of accounts is kept
  - Australian Taxation Office maintained simple population
    - single legal or business entity registered with Australian Taxation Office

- The Australian units model no longer includes a geographic unit

# Key outputs from the Core collection vehicle

- National Accounts
  - Broad financial performance data (e.g. production and income measures, gross fixed capital formation)

- Other clients
  - Broad financial performance data (e.g. total income)
  - Broad financial position data (e.g. total assets)
  - Broad structure (e.g. total employment, counts of businesses)

# Key outputs from the Rolling program

- National Accounts
  - Product data (supply, use and margin data)

- Other clients
  - Product data (supply and margin data)
  - Other breakdowns of financial performance (e.g. dividend income)
  - Breakdowns of financial position (e.g. equity)
  - Breakdowns of structure (e.g. male employment)
  - Activity (e.g. water use)

# Key learning points

- Need a clear understanding of client needs for data and their relative priorities
  - Client needs should drive the collection design
  - Engage clients in relevant aspects of collection development, data quality and output issues

- From time to time take a green-fields/top down approach to collection design

# Key learning points (cont'd)

- A good collection frame is the foundation for the production of quality statistics
  - Many problems can be linked to deficiencies in the frame, or in our attempts to correct them