



Australian Statistician

ABS HOUSE
45 Benjamin Way
Belconnen ACT 2617

Locked Bag 10
Belconnen ACT 2616

Telephone: (02) 6252 6705
Facsimile: (02) 6252 8080

Statistical Reform Team
Room 3/07
HM Treasury
1 Horse Guards Road
LONDON SW1A2HQ
UNITED KINGDOM

Dear Sir

I am very pleased to be able to comment on this document. I am commenting on an individual basis but in my capacity as Australian Statistician, the head of the Australian official statistical service.

2. Whilst the Consultation document outlines many positive developments (especially legislation to provide a clear framework for future statistical arrangements), I believe it is fundamentally flawed with respect to the proposed structural arrangements. The proposals as discussed are likely to be counter-productive to the achievement of the goal stated by the Financial Secretary to the Treasury, viz "Statistics must therefore be, and seen to be, of high professional quality and integrity". I will focus my remarks on this aspect and the arrangements for accessing administrative data.

GOVERNANCE ARRANGEMENTS

3. My main concern is that the roles of the Board and the proposed Chief Statistician would be confused and responsibilities diluted. There will inevitably be tensions some of which are likely to spill into the public arena. This will only serve to undermine trust in national statistics. Who is really going to be accountable for professional quality and integrity of national statistics? The Consultation document suggests that the Board will have ultimate executive responsibility for the statistics office as well as ensuring quality and integrity across the system. Can it really do this? Whilst the Board will have members with important and useful qualities, I expect it will not have many members with the expertise to effectively comment on professional statistical issues. Such an arrangement would severely limit the responsibility and authority of the Chief Statistician. It will also have an influence on the quality of persons prepared to undertake the role in the future.

4. In any restructuring proposals, it is important to be clear on the problem you are trying to solve. I assume the key problem being addressed is the quality and integrity of official statistics, both those produced by ONS and those produced by other agencies. How big is the problem with ONS Statistics? I am active internationally being a Past President of the International Statistical Institute and the Bureau of the Conference of European Statisticians. Whilst no doubt there are problems from time to time, the statistics produced by ONS are among the best in the world. I have also been advised of a MORI Survey which suggested ONS is regarded as an authoritative trusted source of information. It is not clear that the extent of problems is such that a radical proposal needs to be considered.

5. If the key concerns are about national statistics produced by agencies other than ONS, it is not clear that the proposed Board would have sufficient authority to make a difference where these statistics are released by Ministers. Would they have the authority to stop Ministers doing things they think are inappropriate from a statistical quality or integrity point of view.

6. Comparisons are made with the arrangements with the Board of the Bank of England. But their task is much more focussed - it is on inflation. The outputs of a National Statistical System are much more extensive and some statistical outputs such as national accounts and balance of payments can be extremely complex. It would be impossible for Board members to obtain the required level of understanding to professionally manage the full range of national statistics.

7. It is not clear from the document whether the Board members would be full-time or part-time, including the Chairman. If part-time, it would be even more difficult for the Board members to fulfil their intended responsibilities.

8. The proposed structural arrangements are very similar to those that operate in Italy. It would be worth examining the strengths and weaknesses of their system.

9. It is very different to the arrangements that operate in Canada and Australia, for example. Both countries operate under the Westminster system and have statistical systems that are respected both domestically and internationally for their professional quality and integrity. It is surprising that these systems were not studied in more depth. Canada is regarded as having one of the best and most trusted statistical systems in the world. It is the Chief Statistician who is responsible for professional quality and integrity of statistics. He is assisted by a Board but it is advisory rather than governing in nature. Similar arrangements exist in Australia and they work very effectively. (We were not consulted on the description for Australia in Chapter 3 and it provides only a partial explanation of our system. It does not mention our Advisory Council.)

10. I would strongly encourage you to consider an alternative arrangement where the proposed Board is advisory rather than executive in nature. The ultimate responsibility for professional quality and integrity for national statistics would lie with the Chief Statistician. This would provide clear lines of responsibility and accountability.

11. An Advisory Board would still play a very important role. Whilst most of its advice would be targetted at the Chief Statistician or heads of profession in the Ministries, it should be set up so that it can provide advice to a relevant Minister. In fact, the Minister could ask the Board to provide advice on specific issues that are of concern to the Minister or Government. The Board should also report to Parliament on an annual basis. They can still have influence in these ways without the executive responsibilities for which they will not be well equipped.

12. With these arrangements, there should be sufficient "checks and balances" in the statistical system to provide public confidence in the quality and integrity of the statistical system. This has certainly been our experience with our organisational arrangements that include an Australian Statistics Advisory Council.

ADMINISTRATIVE DATA

13. One difference between ONS and the Statistical Offices of Canada, New Zealand, Australia and the Scandinavian countries for example is that there is much less access to statistical data for statistical purposes. The introduction of legislation does provide the opportunity to give ONS the authority to access administrative data for statistical purposes. Such a step provides several clear benefits.

14. I will use the ABS' access to taxation data as an example. Our access includes information collected when businesses register or update their registration, the annual business income tax returns and the quarterly business activity statements (to support Goods and Services Tax collection). This has enabled us to:

- (a) considerably reduce the compliance cost imposed on businesses because
 - (i) taxation data can be used in lieu of statistical questionnaires;
 - (ii) where it is necessary to collect data from larger businesses, the units from which data will be sought can correspond to those defined for taxation purposes; and
 - (iii) taxation data can be used to improve the efficiency of survey designs and reduce the numbers of businesses included in surveys.

We have reduced compliance cost on the business sector by over 40% over the last 10 years and the use of taxation data for these purposes has been the prime reason,

- (b) increase the availability of useful statistical information. One good example is the establishment of a business longitudinal data base using taxation data as the main source, and
- (c) improve the cohesion across our various business collections contributing to more accurate national accounts for example.

15. Paragraphs 4.24 and 4.25 make reference to data sharing as a way of reducing burden on businesses and individuals. I would strongly support such an initiative and, as shown above, our use of taxation data has been extremely effective in reducing reporting burden. The arrangement also has the support of the respective industry associations. In a recent report commissioned by the Australian Government on "Rethinking Regulation" it was found that businesses regard privacy considerations as a second-order issue compared to reduced compliance costs.

16. Many of the quality and integrity concerns about national statistics produced outside ONS may be reduced if ONS is provided access to the relevant administrative data for statistical purposes.

CONCLUSION

17. I would be happy to elaborate on any of these comments. This is an important opportunity to put UK statistics on a good footing for many years to come and it is pleasing to see that views are being widely sought before a final decision is made.

Yours faithfully

A handwritten signature in black ink that reads "Dennis Trewin". The signature is written in a cursive style with a large, sweeping initial 'D'.

Dennis Trewin

27 May 2006