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SEMINAR ON BALANCING PRINCIPLES OF PROFESSIONAL AUTONOMY AND  
ACCOUNTABILITY WITH THE MANDATE TO PRODUCE POLICY RELEVANT DATA

SESSION I: RELATIONSHIPS BETWEEN STATISTICIANS AND POLICY MAKERS:  
MAINTAINING INDEPENDENCE WHILE ADDRESSING DEMANDS

**ARE THE BOUNDARIES OF OFFICIAL STATISTICS BEING CHALLENGED?**

Note by the Australian Bureau of Statistics

*Summary*

The Conference of European Statisticians selected in June 2008 (ECE/CES/74) the topic “Balancing principles of professional autonomy and accountability with the mandate to produce policy relevant data” for a seminar to be held at its 2009 plenary session. The Bureau, acting on behalf of the Conference, approved the outline for the seminar at its February 2009 meeting (ECE/CES/2009/2) and requested Australia to prepare a note to provide basis for the discussion.

The present note provides an Australian perspective on the question of boundaries of official statistics. The boundaries are challenged in different ways that represent a potential threat but also a great opportunity for official statistical systems. In order to defend their position, statisticians have to clearly articulate for different audiences the value of maintaining and continuing to invest in official statistical systems.

## I. INTRODUCTION

1. This paper provides an Australian perspective on this question. It provides some insights based on what is happening in Australia that may be of value to a more general discussion of the changes that I believe represent both a significant potential threat but also a great opportunity to official statistics systems in the next decade. The experience of every country will be different but it is my view that there are changes occurring that official statisticians will ignore at their peril.

## II. WHAT DOES THE TERM “OFFICIAL STATISTICS” MEAN?

2. The first challenge in addressing this question requires a definition of the term "official statistics". Without a clear and agreed definition, it is not possible to set the boundary that in fact forms the core of the question that this paper seeks to address. Unfortunately, as is the case in so many areas of statistics, the question of what is, or are, the boundary(s) of official statistics is not quite as simple as it might first appear.

3. The United Nations (UN) Fundamental Principles of Official Statistics state in Principle 1 that:

"Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy, and the public with data about the economic, demographic, social and environmental situation. To this end official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information".

4. A formal answer regarding the importance of official statistics to a nation, and which provided a partial answer to the question of what are official statistics, was given in July 1993 in the United Kingdom White Paper on Open Government where it said:

"Official statistics are collected by government to inform debate, decision making and research both within government and by the wider community."

5. They provide an objective perspective of the changes taking place in national life and allow comparisons between periods of time and geographical areas.

6. Open access to official statistics provides the citizen with more than a picture of society. It offers a window on the work and performance of government itself, showing the scale of government activity in every area of public policy and allowing the impact of public policies and actions to be assessed.

7. Reliable social and economic statistics are fundamental to "...open government (and) it is the responsibility of government to provide them and to maintain public confidence in them."

8. Even though both of these statements provide reasoned explanations of the purposes of official statistics and give some insights into who produces them (in the case of the UN

Fundamental Principle 1, the sources of official statistics are official statistical agencies and in the case of the UK White Paper, official statistics are collected by government), they are not sufficiently explicit to define a clearly delineated boundary between "official statistics" on the one hand and "unofficial statistics or other related quantitative data" on the other.

9. At the most general level, it would seem to be an accepted norm that a core characteristic of 'official statistics' is that they are produced by government. Then through a combination of tradition and general community acceptance, some but not all such statistics assume the status of "official statistics" or as they are often referred to in the media in Australia as "official figures".

10. This dilemma of what precisely is meant by the term "official statistics" was resolved in the case of New Zealand in their Statistics Act of 1975 which contains the following definition:

11. "Official statistics" means statistics derived by Government Departments from:

(a) Statistical surveys as defined in this section; and

(b) Administrative and registration records and other forms and papers the statistical analyses of which are published regularly, or are planned to be published regularly, or could reasonably be published regularly.

12. This definition is further elaborated in the Statistics Act 1975 by defining the term "statistical survey" as follows:

"Statistical survey" means a survey of undertakings, or of the public of New Zealand, whereby information is collected from all persons in a field of inquiry or from a sample thereof, by a Government Department pursuant to the authority of this Act or any other Act, or without specific provision in any Act, wholly or primarily for the purpose of processing and summarising by appropriate statistical procedures and publishing the results of the survey in some statistical form."

13. Recognising that some might want to modify this New Zealand definition of "official statistics", I have nevertheless, for the purposes of this paper, adopted this definition as a good approximation, at least in New Zealand and Australia, of what most people would understand the term "official statistics" to mean.

14. This being the case, it provides a reasonable basis on which to delineate the boundary(s) of official statistics. Clearly statistics produced by institutions and organisations operating outside the public sector are under this definition "unofficial statistics" and one could argue that as a consequence the boundary between "official" and "unofficial" statistics is clear and unambiguous.

### **III. THE CHALLENGES OF DEFINING THE BOUNDARY**

15. There are a range of challenges which I want to explore in regard to the boundary between "official" and "unofficial" statistics. In particular, it is my view that the answer to the question that forms the title of this paper is not one of definition, although I have shown above that this itself may be problematic in many countries. Rather this boundary is, in my view, being

obscured for many users by a combination of confusion about, and/or perceptions of, the utility and integrity of a growing range of unofficial sources of statistics. In reality, there is a growing community of users who consider that in many circumstances, “unofficial” sources of statistics are of equal utility as are “official” sources of statistics.

16. This trend is certainly occurring in Australia and I would be very surprised if similar trends do not also exist in many other CES countries. Of itself this is not a new phenomenon as it has always been the case that there have been alternative and/or complementary sources of “unofficial statistics” across a range of economic and social activities. However, in the main these unofficial sources have based on our Australian experience:

(a) Been primarily focussed on very specific industry and/or activity related surveys, often conducted by industry associations or other economic research bodies, both public and private; or

(b) Are associated with social science research undertaken by academic institutions or non government community related organisations, whether or not funded from public sources.

#### **IV. RECENT EXPERIENCE IN AUSTRALIA**

17. Experience in Australia in recent years has seen a significant expansion of various types of “unofficial” business surveys, often collecting both qualitative, as well as quantitative measures. These are often undertaken by business or industry organisations that in my view are often as interested in the marketing value of their activities as they are in the intrinsic value of the data they produce. A list of the major players in Australia is set out in the attachment to this paper.

18. At the same time, there has been an upsurge in demand for data that can inform social policy research and provide the opportunity to understand the impact of these policies and the enabling services provided to citizens and others to give effect to them. This is creating a rapidly expanding demand for good statistical data in various social domains; often described by politicians and others as the need for evidence based policy.

19. As a result, Australia has seen an increasing enthusiasm for longitudinal studies of one sort or another drawing on administrative and/or survey sources and for cohort and other forms of more sophisticated data analysis. There is also a growing trend to establish projects to integrate data drawn from administrative and survey data sources to support complex statistical and related research purposes. These trends can be largely attributed to the success of a variety of academic researchers and other social policy "think tanks" in convincing governments to fund major initiatives across all of these areas.

20. These sorts of initiatives have expanded considerably in recent years and Australia now has a range of large scale and very expensive longitudinal surveys such as the Longitudinal Survey of Household Income and Labour Dynamics, a Longitudinal Survey of Families, a Longitudinal Survey of Children and a Longitudinal Survey of Recent Migrants. All have achieved a high political and public profile, notwithstanding that there have been some methodological issues associated with their designs and with the costs associated with their ongoing operation and with the complexity of much of the analysis work being undertaken.

21. Overall, the Australian experience is that various "non official" sources of data used for statistical analysis and related research purposes are evolving quickly. In both economic and social statistics fields, these alternative statistical sources are achieving growing prominence, both in the extent of media reporting of their results to the public and in their growing acceptance and use by politicians, policy makers and researchers.

22. At an international level, the OECD Global Project on Measuring the Progress of Societies provides a significant international example of what I will call the "grey areas" that are emerging between "official statistics" and other complementary or competing sources of statistics.

## **V. IS THIS BOUNDARY ISSUE REAL OR IMAGINED?**

23. The issue for official statisticians is whether these trends should be a matter of concern. From my perspective in Australia, I believe that we should be concerned, and I explore four major reasons for my concerns as discussed below.

24. The first is the reality that we are now facing a growing range of alternative sources of statistics and related research, not only in the traditional fields of economic and social statistics but even more so in the field of environmental statistics. Moreover, those people and institutions vying for scarce government funds to support these alternative sources, tend to be more closely aligned with political processes and personalities and more willing to shape their individual projects to the specific interests and demands of their prospective funders, and to reduce their business case to fit the available funds.

25. As a result, from a politician or policymakers perspective, these potential "unofficial" sources of statistics are often seen as either a cheaper alternative to those being proposed by the official statisticians, or are presented with a superficially more compelling business case in terms of relevance, timeliness or cost/benefit.

26. The second concern is that providers of "unofficial statistics" are not required, or in many cases even expected, to meet the high standards for quality, objectivity, and equity of access that are at the heart of the values that underpin the collection and dissemination of "official statistics". Thus what we as official statisticians consider to be a compelling advantage, may often in this new environment be considered, at least in an opportunistic way, as a significant disadvantage. This is particularly likely to be the case where timeliness, or the ability to influence the final output, is of importance to the funder.

27. The third area of concern relates to the issue of respondent burden. I have been giving considerable thought to this challenge in our Australian context in recent times and have proposed to the Australian Government that they extend the existing Business Surveys Clearing House to include Household Surveys as well. By way of explanation, for almost a decade now the ABS has run what has been termed the Business Surveys Clearing House. This Statistical Clearing House (SCH) for Business Surveys was established as a business unit within the ABS in response to a recommendation in 1996 by the Australian Government Small Business Deregulation Task Force. Their report recommended that a central clearance process be established for Business Surveys conducted by the Australian Government.

28. The purpose of the process was to ensure that all proposed surveys were necessary, well designed and placed minimum burden on business respondents. As such, all surveys that are directed to fifty or more businesses and that are conducted by or on behalf of any Australian Government agency (including the ABS), are subject to clearance by the SCH. In view of its statistical expertise and statutory coordination role, the ABS was empowered to administer the clearance process.

29. The current proposal argues that expanding the SCH to cover household surveys conducted by, or on behalf of, Australian Government agencies would similarly reduce the survey burden on Australian households by eliminating duplication and ensuring that the design and conduct of household surveys follow best practices. Improved statistical standards applied through this process would also ensure better value for money from non-ABS household surveys, by enabling better integration of the surveys results with outputs from ABS censuses and surveys. This proposal is currently being considered by the Australian Government but it is worth noting that it does not cover household surveys conducted or funded by the eight State and Territory governments in Australia. It therefore represents an important but not comprehensive public sector solution to this particular challenge.

30. The fourth area of concern relates to issues of trust and confidence of the community at large in the ability of data collectors to protect the privacy and confidentiality of their individual data and to use it only for purposes for which they have given their approval. Although, not in any way suggesting that organisations involved in collection of "non-official" statistics do not aspire to meet high standards of data protection, evidence would suggest that the risks of inadvertent release of data from such sources is much higher than for national statistical organisations.

31. This is not altogether surprising as the business models these organisations operate under generally differ significantly from those used by NSOs and other public sector statisticians. However, as the range of "non-official" data collections expand, and the prominence that many of these collection outputs receive in the media grows, as is clearly the case in Australia, the understanding in the community as to what are "official statistics" and "non-official statistics" is becoming more blurred. As a consequence, the risks of a privacy or related confidentiality breach involving a "non-official" provider of statistics adversely impacting on the official statistics community, are very real and growing.

## VI. CONCLUSION

32. The question posed at the beginning of this paper asked "are the boundaries of official statistics being challenged?". This paper argues that in a number of different ways they are and suggests that official statisticians would be unwise to ignore these challenges. Evidence suggests that government investment in the activities of official statistical agencies has been declining in real terms for some time now in many developed countries. Yet at the same time, government and private sector funding of non-official statistical and related research activities, at least based on experience in Australia over the past few years, is growing considerably.

33. These trends offer opportunities as well as threats to national statisticians. We need to understand why politicians, policymakers, media commentators and the community more

generally are less inclined to draw clear distinctions between official and unofficial sources of statistics. Combined with evidence from comparative international surveys such as ALLSS, of the generally low level of quantitative skills in our communities, these factors may well explain, at least in part, the current trend of declining public investment in statistical activities of national statistical organisations in many countries.

34. I believe the opportunity is there for us to reverse this trend but to do so we need to be able to clearly articulate for these different audiences, the value proposition of not only maintaining, but continuing to invest in, our official statistics systems. In the meantime, this trend of blurring in the mind of many users of the boundary between “official” and “unofficial” statistics should be of concern to all of us with responsibilities for the evolution of official statistics at both national and international levels in the 21<sup>st</sup> century.

## ANNEX

## MAJOR DATA SOURCES OUTSIDE THE OFFICIAL STATISTICAL SYSTEM IN AUSTRALIA

Name of data source	Institution	Timespan of collection	Collection topic	Frequency
Quarterly Business Survey <a href="http://www.nab.com.au/wps/wcm/connect/nab/nab/home/Business_Solutions/10/1/">http://www.nab.com.au/wps/wcm/connect/nab/nab/home/Business_Solutions/10/1/</a>	NAB	Jun 1989 -	Business confidence, conditions and expectations (3months/12months) Employment conditions Business investment, profits, capex plans /Industry and state splits	Quarterly
Monthly Business Survey <a href="http://www.nab.com.au/wps/wcm/connect/nab/nab/home/Business_Solutions/10/1/">http://www.nab.com.au/wps/wcm/connect/nab/nab/home/Business_Solutions/10/1/</a>	NAB	Sep 1989 -	Business confidence and conditions Employment New forward orders Capex Capacity utilisation /Industry & state splits	Monthly
Westpac–Melbourne Institute Index of Consumer Sentiment <a href="http://www.melbourneinstitute.com/research/macro/cis.html">http://www.melbourneinstitute.com/research/macro/cis.html</a>	Melbourne Institute of Applied Economic and Social Research - Westpac	1973 -	Consumer sentiment	Monthly
Melbourne Institute Inflationary Expectations <a href="http://www.melbourneinstitute.com/research/macro/cie.html">http://www.melbourneinstitute.com/research/macro/cie.html</a>	Melbourne Institute of Applied Economic and Social Research	1973 -	Consumer inflation expectations	Monthly
Bloomberg Market Data <a href="http://www.bloomberg.com">http://www.bloomberg.com</a>	Bloomberg (Australia)	Varies but generally many years	ASX data Commodities prices Rates and Bonds Currency rates Mutual funds unit record data	Daily

<b>Name of data source</b>	<b>Institution</b>	<b>Timespan of collection</b>	<b>Collection topic</b>	<b>Frequency</b>
Survey of Industrial Trends <a href="http://www.acci.asn.au/SurveyACCIWestpac.htm">http://www.acci.asn.au/SurveyACCIWestpac.htm</a>	ACCI- Westpac Institutional Bank	45+ years	Manufacturing Business trend perceptions	Quarterly
Business Expectations Survey <a href="http://www.acci.asn.au/SurveyBES.htm">http://www.acci.asn.au/SurveyBES.htm</a>	CBA - ACCI	Aug 1998 -	Business expectations Including investment, employment, profits, export likelihood. /state and size splits	4 yearly
VFACTS (vehicle sales) <a href="http://www.fcai.com.au/sales">http://www.fcai.com.au/sales</a>	Federal Chamber of Automotive Industries	at least 2002 -	Vehicle sales /state, type of vehicle	Monthly
Housing Price Series <a href="http://www.apm.com.au/">http://www.apm.com.au/</a>	Australian Property Monitors	1989 -	Housing price series	Quarterly
Managed Funds Statistics	Plan for life	1991 on	managed funds statistics covering the complete retail and wholesale (unitised) superannuation and investment markets, including platforms, master funds and industry funds.	quarterly
Life Insurance Statistics	Plan for life	5 yrs in report; 15 years in spread- sheet	1. Life Insurance Statistics 2. Life Insurance Report 3. Insurance Statistics Viewer (ISMS) 4. Custom and Monthly Reports 5. Detailed Life Insurance Risk Report	

Name of data source	Institution	Timespan of collection	Collection topic	Frequency
RISK MARKET	Plan for life		information bulletin for decision makers and researchers in the Risk market	fornightly
mandate chaser	Rainmaker		wholesale mandates	
platform report	Rainmaker		<ul style="list-style-type: none"> <li>• The platform value chain</li> <li>• Platform growth rates</li> <li>• Future challenges</li> <li>• Key platform providers</li> <li>• Links to SMSFs</li> <li>• Investment menus</li> <li>• Investment manager platform penetration</li> <li>• Pricing, efficiency and economies of scale</li> <li>• Platform dealer/adviser reach</li> <li>• Platform product enhancements</li> </ul>	
Hedge Fund Report	Rainmaker		Hedge Funds	
Roundup	rainmaker		Management and Superannuation markets in Australia	quarterly
Business Outlook	Access economics		business environment, analysing prospects across 22 industries and each of the Australian States and Territories. It provides facts, figures and forecasts on Australian and world growth prospects, interest rates and exchange rates, wages and prices, exports and imports, jobs and unemployment, taxes and public sector spending.	quarterly
Investment monitor	Access economics		construction sector	quarterly

Name of data source	Institution	Timespan of collection	Collection topic	Frequency
Retail Forecasts	Access economics		retail industry and contains an analysis of the current state of retail sales and consumer spending, and the major trends likely to emerge over coming years. Included are volume, price and value of individual retail categories.	quarterly
Budget Monitor	Access economics		independent projections of Federal Budget trends in Australia	quarterly
Employment Forecasts	Access economics		provides forecasts and commentary for each industry, plus white collar, blue collar and office demand index	quarterly
Performance of Construction Index <a href="http://www.aigroup.com.au/economicindicators/pci">http://www.aigroup.com.au/economicindicators/pci</a>	Australian Industry Group and the Housing Industry Association (HIA)	2006 -	Economic activity in: Residential building Non-residential building Engineering construction	Monthly
Performance of Manufacturing Index <a href="http://www.aigroup.com.au/economicindicators/pmi">http://www.aigroup.com.au/economicindicators/pmi</a>	Australian Industry Group - Pricewaterhouse Coopers	2005 -	Economic activity in: Manufacturing production	Monthly
Performance of Services Sector Index <a href="http://www.aigroup.com.au/economicindicators/psi">http://www.aigroup.com.au/economicindicators/psi</a>	Australian Industry Group - CBA	2005 -	Economic activity in: Services	Monthly

Name of data source	Institution	Timespan of collection	Collection topic	Frequency
Business Expectations Survey <a href="http://dnb.com.au/Headr/News/index.aspx">http://dnb.com.au/Headr/News/index.aspx</a>	Dun and Bradstreet	1988 -	Business expectations next quarter	Quarterly
TD Securities Monthly Inflation Gauge <a href="http://www.melbourneinstitute.com/research/macro/tdsec.html">http://www.melbourneinstitute.com/research/macro/tdsec.html</a>	TD Securities and Melbourne Institute of Applied Economic and Social Research	July 2002 -	Inflation	Monthly
Job ads - internet and newspaper <a href="http://www.anz.com/aus/corporate/Economic-Research-And-Publications/Economic-Research/Job-Advertisement-Series/default.asp">http://www.anz.com/aus/corporate/Economic-Research-And-Publications/Economic-Research/Job-Advertisement-Series/default.asp</a>	ANZ	1982 -	Job vacancies	Monthly
Survey of Investor Confidence <a href="http://www.acci.asn.au/SurveySOIC.htm">http://www.acci.asn.au/SurveySOIC.htm</a>	ACCI	1999 -	Investor confidence	4-yearly

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