

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 14

Topic: Australian Bureau of Statistics – Consumer Price Index

Hansard Page: Written

Senator Coonan asked:

- Has the ABS considered publishing the CPI as a monthly series (as in the US)?
- Would you please discuss the composition and methodology used for the RBA's trimmed mean and weighted median measures. Why does the ABS not publish each quarter the components that were trimmed out and the actual weighted median?
- Does the ABS have a view as to why the two series to diverge in recent quarters?
- Could you please make available to the Committee a more detailed breakdown of the items in the CPI basket each quarter? If not, why not?
- You have published a protocol for access on an embargoed basis to certain statistics, including the national accounts and the CPI on a lock-up basis. Would you extend the same opportunity to a small number of Opposition staff? If not, why not?
- Please discuss the ABS' views on which is the more reliable statistic, average earnings and the wage price index.
- Have you considered charging members of the public for access to statistics as part of your efforts to deliver the agency's efficiency dividend?
- If yes, how much do you expect that the public would have to pay for statistical resources?

Answer:

- The frequency of publishing the Consumer Price Index (CPI) was canvassed at the time of the 13th series major review of the index in 1997, and was not seen as a priority for key users. The greater volatility of a monthly series, and the resultant complexity in interpretation, is a key factor weighing against increased frequency. In addition, a monthly series would impose a greater reporting burden on business providers of pricing information, as well as greater compilation costs.
- Questions relating to measures produced for the Reserve Bank of Australia (RBA) should be directed to the RBA. The ABS publishes the trimmed mean and weighted median measures on behalf of the RBA to enable a more timely release of the RBA measures, making them available at the same time that the quarterly CPI is released. The RBA maintains responsibility for the design of the measures and responds to queries on their design and use. The ABS is responsible for calculating the measures and responds to queries on the compilation and publication of the measures.

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- Details on the breakdown of items in the CPI basket can be found in ABS cat. no. 6440.0 *A Guide to the Consumer Price Index* ([attached separately](#)). Appendix 1 contains the current weighting pattern and appendix 2 contains the types of goods and services in the basket.
- The ABS protocol on access to statistics under embargo involves lockup access to a small number of ABS publications by authorised ministerial staff and government officials, prior to the official release embargo being lifted. The purpose of this arrangement is to enable briefings to be prepared for key ministers so they can provide informed comment on the released statistics when approached by the media soon after the official release.

Not every ministerial staff member or government official has access to the lockup publications. Access is only approved subject to the request satisfying a 'public interest' test, which includes the following considerations:

- a. there is significant public and/or media interest in an issue of direct relevance to the statistics being released;
- b. a relevant government minister is likely to be publicly asked about the statistics immediately after their official release; and
- c. the release is so complex that advanced analysis of the statistics and preparation of a ministerial brief by officials is considered essential so that comments made by relevant ministers are accurate and do not mislead the public or, particularly, the financial markets, on an issue of national significance.

The ABS does not intend to extend lockup access to opposition staff, as this would be inconsistent with the objectives for lockup access.

- Average weekly earnings (AWE) and the wage price index (WPI) are designed to measure earnings/wages from different perspectives and therefore they serve different purposes. Both provide reliable statistics for their respective purposes.

The quarterly Survey of Average Weekly Earnings measures average gross weekly earnings of employees, and represents the average earnings for the workforce as a whole. AWE are affected not only by changes in the hourly rates of pay, but also by compositional changes in the workforce, such as changes in the proportions of full-time and part-time employees, the number of hours worked, or the mix of employees within industries and occupations.

The quarterly WPI measures changes over time in the unit costs of labour, such as the hourly rate. The WPI is not affected by the compositional changes that affect AWE, nor is it affected by changes in the quality or quantity of work performed. The WPI is considered the more appropriate measure to use as an indicator of wage pressures in the economy.

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- The ABS does not intend to change its current arrangements in relation to charging for statistics or statistical services.

ABS statistics are an essential part of the information infrastructure that underlies policy formulation and decision making in Australia. As a result of an initiative by the previous government, since mid 2006, access to ABS statistics on the internet has been free. Since then, access to ABS statistics on the internet has been steadily increasing. In 2006-07, the number of web pages accessed totalled over 100 million, representing a 30% increase over the previous year.

The ABS will continue to charge users for tailored services including customised tables, augmented samples, new questions to be asked in ABS surveys, and statistical surveys that are not funded by appropriation.