

# Cynical look at the stats on data

**T**he global financial and economic storm has reinforced the need for accurate and timely indicators. It makes the decision taken in May to slash the sample size for key Australian Bureau of Statistics surveys on employment and retail sales all the more regrettable.

The seriousness of the uncertainty created by the cuts has become apparent in the past couple of months as official figures suggest conditions in the labour and retail market have remained defiantly robust despite the rapid accumulation of other evidence that a substantial downturn is under way.

The consequences of inaccurate or delayed economic readings was underlined when national accounts figures released in early December showed that the economy came close to stalling in September, under pressure from high interest rates and soaring fuel prices. That this occurred even before the dramatic deterioration in global conditions has highlighted concerns that a lack of timely information on activity meant monetary and fiscal policy has been kept too tight for too long, crippling domestic demand and increasing the economy's vulnerability to the international downturn.

Chief statistician Brian Pink blamed the cuts on a \$22 million reduction in the bureau's funding. The federal government has tried to duck responsibility, saying the sample cuts were a matter for the statistician.

In the bureau's defence, conducting surveys is expensive and, with the samples used for its reports on retail sales and employment among the biggest it undertakes, it makes sense that they might take a trim in a cost-cutting exercise. But it is hard not to be a little cynical about the statistician's decision to slash into the allocations for what are two of the most critical sets of figures that come out on a monthly basis. If the ABS wanted to draw maximum public attention to the government's cuts to its budget, it certainly achieved it.

The perception that there has been more than a little game-playing going on was reinforced by the announcement by the statistician in November that it would partially unwind its cutbacks and reinstate the full sample for its retail sales survey in early 2009. Crucially, the change could come in time to gauge how much of the federal \$8.7 billion hand-out to the low paid has actually been spent.