



# RESEARCH NOTE

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## Australia's Information Supertollway

### MAJOR FINDINGS

1. *Information is essential for good decisions. The ABS has a high reputation among statistical agencies - in 1993, it was rated world's second-best.*
2. *ABS charging policy has benefits in improving responsiveness to users and increasing revenue. However, revenue from publications and electronic data only covers 4.4% of costs.*
3. *Possible problems of the current charging policy are: reduction in access; conflict between commercial and public interest functions; and restriction of competition in dissemination.*
4. *If cost recovery were further increased, there would be a danger of diversion of management attention and lower public cooperation leading to poorer quality data. The potential costs of poorer decisions are enormous. There is also inequity if taxpayers subsidise statistics but only government and big business can afford them.*
5. *Electronic access to Australian government agencies' information lags 'world's best practice.'*

### Introduction

Australia is increasingly an 'information society'<sup>1</sup>. This note is a case study on new technology and pricing by the Australian Bureau of Statistics (ABS). The Australian public supports the ABS in producing information in the public interest, both through taxes and the enormous amount of time in filling in forms. Over many years, the ABS has earned an enviable reputation for the quality of its service, with *The Economist's* most recent 'Good Statistics Guide' ranking it as the world's second-best<sup>2</sup>. These high standards make a major contribution to the quality of public debate and decision-making in Australia.

### New Technology

Australian computer ownership is estimated to be behind only the US<sup>3</sup>. Several hundred thousand Australians already have Internet access<sup>4</sup>. These are the basis of a leading role for Australian information technology, but Australian government policy has taken a different direction to the US and Canada.

US government policy is that its agencies supply free information on the Internet, eg bibliographies, articles, organ-isational-listings and hundreds of thousands of statistical series are provided by public agencies and universities<sup>5</sup>.

Statistics Canada provides free daily data summaries and other information about statistics on the Internet.

In contrast, few Australian public agencies provide information on the Internet and policy is moving towards the provision of government information on a commercial basis through a Telecom-Microsoft joint venture ('On Australia') instead of Internet, which is universally used, already available and non-profit.

Australia's centralised and well-regarded statistical system could give the potential to have the world's best public access system. The ABS has a commercial on-line data access service with its own software (not a standard system like Internet's World Wide Web). Its large, flat fee (\$2500 pa) excludes small users<sup>6</sup>, but suggests the marginal cost of data is low.

### Information Pricing

Information is not free - pricing allocates these costs between providers and users. However, information differs from private goods, because almost all the cost is fixed (ie adding extra users costs relatively little) and because it has public benefits in forming the 'infrastructure' for decision-making.

The ABS pricing policy mixes government-funded (public inter-

est) and user-funded (private) functions:

**Publications:** The media, parliamentarians and public and university libraries:- free; Others:- marginal cost (ie prices cover dissemination, but not collection).

**Electronic data:** marginal cost.

**Unpublished data:** aggressive cost recovery (dissemination plus some collection costs).

### Comments:

- Charging increases responsiveness to user needs and forces users to identify their real needs (189 publications were dropped after the latest ABS review).
- Marginal cost pricing applies economic concepts of efficient resource allocation. For basic data, it only excludes users not prepared to pay the dissemination cost. For additional data, work is carried out if the usefulness exceeds its cost.
- However, revenue is minor - only 4.4% of ABS costs were recovered by data sales in 1993-94. While publication sales covered only 1.9% of costs, circulation was cut by a quarter. About 20% of sales were to other public agencies, which is merely cost-shifting. Some revenue is consumed in marketing costs and paper-

work (by ABS data-producing areas and outside users).

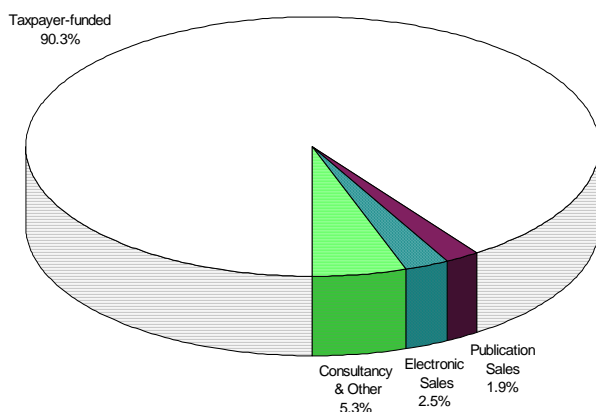
- Greater cost recovery could divert attention to marketing and cost recovery targets rather than public interest concerns such as data quality and public access. This could risk Australia's world's second-best ranking<sup>7</sup>. The potential costs of poorer government and business decisions are enormous.
- It would seem unfair if respondents supplied information for free, under compulsion, and taxpayers paid most of the costs, but only government and big business could afford to buy the results. Mixing public interest and

<b>ABS Publication Prices:</b>	Cost	Pages	\$/Page
Average Weekly Earnings (prel)	11.00	6	1.83
Consumer Price Index	13.00	18	0.72
Labour Force (prel)	15.00	34	0.44
Balance of Payments (monthly)	16.50	16	1.03
Labour Force (final)	18.00	64	0.28
Women's Year Book	20.00	170	0.12
International Inv Position (qtly)	24.00	34	0.71
House Prices	27.00	6	4.50
Balance of Payments (qtly)	27.00	58	0.47
Nat Inc, Exp and Product (qtly)	29.00	110	0.26
Year Book	70.00	882	0.08

of borderline cases (incentives for re-classifying public data as private interest, eg in one case, a \$195 'special data service' replaced a \$25 publica-

- Private companies, universities and international organisations re-disseminate ABS data in cheaper or more convenient form. However, they do not face a level playing field as ABS restricts or charges higher prices to 'secondary providers.'

**ABS FUNDING 1993-94**



commercial functions raises problems of cost allocation (eg user-funded surveys use ABS infrastructure), public cooperation (the basis of good data, and which could be undermined by 'non-public interest' surveys) and treatment

tion).

- ABS prices are high and variable eg \$27 buys six pages of *House Price Indexes* or 58 pages of *Balance of Payments* (quarterly).

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*Views expressed in this Research Note are those of the author and do not necessarily reflect those of the Parliamentary Research Service and are not to be attributed to the Department of the Parliamentary Library. Research Notes provide concise analytical briefings on issues of interest to Senators and Members. As such they may not canvass all of the key issues.*

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1. See B. Jones, *Sleepers, Wake!*
2. September 11, 1993
3. *The Economist* (February 11, 1995).
4. 500,000 with 150% annual growth according to *Australian Personal Computer* (February 1995).
5. Even the CIA supplies a great deal of information!
6. Total only 164 users at June 30, 1994.
7. *The Economist* noted cost recovery in Swedish statistics fall from third to fifth.