



ABS so in red it battles 'to keep lights on'

Exclusive

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The Australian Bureau of Statistics has cast doubt on the future quality of its economic data after an accumulated \$117 million in deficits left it with barely enough cash to "keep the lights on".

The agency is one of up to a dozen government bodies pleading with Treasurer **Joe Hockey** for an emergency cash top-up before the May budget.

It is understood several government agencies are considering cutting back public services because they are underfunded for the next four years.

Mr Hockey told *The Australian Financial Review* there were government bodies that had started running out of cash even before last year's federal election in September.

"We are uncovering a number of these critical agencies like the ABS and the ACCC [the Australian Competition and Consumer Commission] that have been running out of money under the previous government," he said.

"This is another spider in the closet within a budget that has \$123 billion in projected deficits and debt forecast to rise to \$667 billion if no action is taken," Mr Hockey said.

The surprising admission over the future integrity of the bureau's statistics could have far-reaching social and economic effects on interest rates, welfare payments, government policy and the financial markets.

The bureau, which plays a critical role in monetary and fiscal policy and the financial markets, has asked the Abbott government for a cash bailout after recording a \$45.5 million deficit

last financial year, and bringing the agency's accumulated losses for the past three years to \$117 million.

"The overall situation has been progressively impacting on the time and effort required to produce key official statistics on time and to the quality expected by our users and now seriously compromises our longer-term sustainability," then Australian statistician **Brian Pink** says in the bureau's annual report.

The government's chief auditor has found at least another five entities – including NBN, the Australian Rail Track Corporation, the Australian Nuclear Science and Technology Corporation, Comcare, and the Department of Agricultural, Fisheries and Forestry – have significant deficits over the past three years that could require cash bailouts.

Another 22 entities have reported deficits for the three years to 2012-13, although of a smaller size.

Auditor-General **Ian McPhee** suggested a history of deficits flagged the need for either more funding, cost-cutting, reduced service levels, and improved financial management.

Last week Abbott ministers lambasted the financial management of the ACCC, which is expected to run out of money in April and has asked for an extra \$100 million to perform additional monitoring of the carbon tax.

Insiders believe it is only a matter of time before the ageing ABS technology creates a major statistical error that could disrupt financial markets.

Mr Pink gave vent to the frustration of ABS staff over the Labor government's years of efficiency dividends in its annual report released quietly late last year. Mr Pink says he was concerned about "our difficult capital position, which is barely adequate to 'keep the lights on'" and the "ageing and fragile" process and infrastructure.

Mr Pink left the ABS on January 12 after seven years in the job and joins long-standing ACCC chief executive **Brian Cassidy**, who announced last week he would retire in May, to add to the ranks of senior bureaucrats opting for retirement since last year's election.

Mr Pink says the ABS's fragile financial situation had been exacerbated by government-wide efficiency dividends that meant he had had to cancel the "Work, Life and Family Survey".

This survey was responsible for collecting information about mothers returning to the workforce, now at the centre of the political debate on welfare payments and paid parental leave.

Key points

As many as 12 government agencies want an emergency cash top-up before May's budget.

Some may be forced to cut back public services because of lack of funds.