

**Senate Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Australian Bureau of Statistics  
**Question No:** 33  
**Topic:** Quality of Labour Force Survey  
**Reference:** Written  
**Senator:** Ketter, Chris

**Question:**

1. The ABS jobs figures released in May were significantly higher than expectations. A number of commentators and market participants questioned their accuracy. Do you consider these figures to be accurate?
2. Why are the ABS jobs figures much more volatile than usual?

**Answer:**

Refer to pages 71-72 of the 31 May 2017 Senate Transcript for answers to these questions.

“**Mr Kalisch:** The labour force survey provides our best estimate of labour force features and trends at the time. The ABS regularly provides commentary to a number of users recommending that they use the trend estimates, rather than the seasonally adjusted estimates, on a month-by-month basis. The ABS has been producing trend estimates since 1987, because even in the 1980s it was also apparent that there was some month-to-month volatility in the numbers. That volatility is due to a number of sources, so we do recommend that people use the trend figures. They are the best estimates and really reflect the nature of Australian labour force estimates. They are amongst the world's best in terms of labour force survey estimates. We do stand by those numbers.

**Senator KETTER:** But do you accept that they are more volatile than what they would normally be, and if so why is that the case?

**Mr Kalisch:** The volatility comes from a number of different dimensions. One is the sample size. We do survey about 26,000 households, which is about 50,000 people across the population, each month. We do maintain people in the survey for eight consecutive months, so we do rotate out one eighth of the sample each month. We also find that even with going back to the same households there are differences in terms of people responding to the survey from month to month within the household. That does drive a little bit of volatility. But looking at the volatility over time, the work we have done in our Methodology Division, and we reported this about 12 months ago and we have been updating that work as well, has shown that at a national level the volatility in the month-to-month labour force series is probably less now than it was in the 1980s and 1990s, and particularly around the GFC—the GFC was particularly fraught—and particularly around major labour market turning points. So at a national level we are not seeing any greater volatility; in fact, if anything, there is slightly less.”