

REVIEW OF STATISTICAL CODES

INTRODUCTION

The ABS has recently completed a review of the detailed classification codes used for the collection and some dissemination of export and import statistics. As a result of the review, from 1 July 1999 the number of detailed classification codes for exports and imports has been reduced by 11% and 17% respectively.

The review examined only the detailed statistical code classifications. The classifications used to present international trade statistics in this publication, such as the Standard International Trade Classification (SITC), the Classification by Broad Economic Categories (BEC), and the Australian and New Zealand Standard Industrial Classification (ANZSIC), are not affected by changes at the detailed statistical code level. Therefore, while these changes impact on statistics at the most detailed level disseminated by the ABS, they do not affect any of the statistics in this publication.

This article provides information on the background, purpose, methodology, and outcome of the review, and its impact on detailed export and import data.

BACKGROUND

The classification used by most major trading nations of the world for recording their exports and imports is the Harmonized System (HS). While the HS provides codes for 5,124 commodities, in some cases these are not detailed enough to enable identification of goods which are of particular interest or importance to Australia. For exports, the international classification is extended to include statistical codes. For imports, the classification is extended to include tariff items for recording Customs duty, and further extended to include statistical codes. These more detailed classification codes are referred to as Australian Harmonized Export Commodity Classification (AHECC) codes and Harmonized Tariff Item and Statistical Codes (HTISC). The ABS has responsibility for the maintenance of the statistical codes for both exports and imports. This maintenance role includes updating the statistical codes when there are changes:

- to the international HS classification initiated by the World Customs Organisation;
- to the items subject to Customs duty; or
- requested by statistical users.

PURPOSE

The ABS attempts to limit the reporting detail requested of exporters and importers to that which can be justified by the uses made of the resulting data. Therefore the ABS strives to keep the statistical codes relevant to the needs of a wide range of users, while also limiting the size and complexity of the classification to assist accurate reporting.

The HS was introduced in January 1988 and many of the statistical codes which were included at that time had not been reviewed since. Some of these codes related to goods which were no longer traded by Australia, others related to goods which had declined in importance, and others were in areas of the classification which had been reviewed in part but not in their entirety, and so were less than appropriate.

The aim of the review was to assess the usefulness of existing statistical codes in terms of the cost to businesses of providing the detailed information, and the cost to the Australian Customs Service (Customs) and the ABS of processing it.

METHODOLOGY

The first stage of the review process was to re-examine the criteria for retaining statistical codes and then to identify the codes that did not meet the criteria. The criteria were that:

- each statistical code should have a level of trade of at least \$1 million per annum;
- for statistical codes where the level of trade was less than \$1 million per annum, there should be an indication that the level of trade was increasing and was approaching \$1 million; and
- each statistical code should have at least one identified statistical user.

Nearly 1,300 AHECCs and over 2,700 HTISCs were originally identified as possibilities for closure as the codes had either levels of trade below those specified above, or had no identified statistical users.

The next stage considered the potential for reducing or removing confidentiality restrictions by combining the restricted statistical codes with other statistical code(s) at the same HS level. While no changes were possible as a result of this exercise, these codes were examined because of the potential to provide more useful statistics for clients.

Towards the end of 1998 the ABS prepared a summary of proposed changes to export statistical codes and contacted clients and identified stakeholders who used detailed export data. A similar summary of proposed changes to import statistical codes was prepared and sent to clients and other stakeholders at the end of January 1999. Clients and stakeholders were invited to provide comments on the proposed changes, and particularly to identify any codes which they considered should be retained, the reasons those codes were required, and some indication of how the data were used.

A total of 37 submissions were received from State and Federal government departments, businesses and industry groups. Some concerns were raised about the reduction in statistical detail and these comments were considered carefully. In evaluating the submissions there was further discussion with the stakeholders to clarify their requirements as well as consultation with other parties such as industry representative bodies, other industry members (including importers and exporters), and other relevant government bodies to identify their views on the proposed changes. In evaluating submissions consideration was also given to:

- the value of trade over the most recent two and a half years;
- the accuracy of the data classified to the existing statistical codes; and
- the number of statistical users of the data.

OUTCOME

The review identified many areas where the complexity of structure hindered the accuracy of reporting and statistical analysis. In a number of cases the data quality under the existing codes was found to be poor, with data suppliers classifying goods to the wrong statistical code. In these instances simpler statistical structures were implemented with a view to improving the quality of reported data and the resulting output for statistical clients.

There were also many codes where the level of trade was low or declining or there was little justified client interest in the data. In these instances the statistical codes with little or declining trade were combined with other codes where the level of trade and/or client interest was sufficient to make them viable.

IMPACT OF THE CHANGES

As a result of the review, 1,151 export statistical codes were replaced with 490 new more aggregated codes, a net reduction of 661 (11% of the total number of export codes). In the case of imports, 2,580 statistical codes were replaced with 1,001 new codes, a net reduction of 1,579 (17%). From 1 July 1999 there are a total of 5,618 export and 7,649 import statistical codes.

The new statistical structures should reduce the burden on exporters, importers and their agents providing information to Customs, without seriously impacting on the amount of information available to statistical users, and in addition, should improve the quality of export and import statistics. However, data users should be aware that the quality of coding at the detailed level remains variable, and should bear this in mind in very detailed analyses.

As the changes to the statistical codes affect only data at the most detailed level, the changes resulting from the review do not directly affect any of the statistics presented in this publication.

FURTHER INFORMATION

In order to ensure that the statistical code classifications meet the present and future needs of statistical users and to encourage accurate reporting, the ABS plans to undertake a similar review at least every 5 years.

Further details about the changes to statistical codes can be obtained from David Ward on (02) 6252 6531.