

***Proposal for the future work
of the Voorburg Group on services statistics
for
2002-2004***

Draft version

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A brief chronology

The Voorburg Group on service statistics was founded in 1986 with the specific aim of assisting the United Nations Statistical office in drafting the Central Product Classification.

As Jacob Ryten explained in Rome, at the 1998 meeting, “members of the original group reflected on the fact that it gathered expertise on available and desirable statistics to measure the production of services and the expertise together with the network of contact that had been created could be harnessed to serve a wider cause.”

From 1987 to 1998, the Voorburg Group dealt with a wide range of issues relating to the measurement of activities in the services sector. It made a significant contribution to the development and adoption in many countries of statistical concepts and tools which help to handle this new statistical domain. Model questionnaires and practical papers reflecting data collection experiences in new areas proved to be efficient support for participating countries.

As a result, most countries now produce the basic structural statistics on employment and economic variables. The purpose of the Voorburg group is then more to redesign and innovate the statistics on services due to the development and to cover the areas still fallow.

Work themes

The range of themes has grown rapidly with passing time. An analysis of the themes dealt with by the Voorburg Group between 1987 and 1994 was presented by Eurostat at the 1995 meeting. The ones that were most extensively dealt with, judging from the number of various papers written and the frequency of the sessions that were dedicated to them, were the following:

- classifications (CPC)
- prices (PPI)
- statistical collection strategies
- survey models

Since 1995, the main new themes that were introduced have dealt with, in chronological order:

- employment (1995-1997)
- the information society (1997 – 2000)
- non-profit institutions (1998-2000), rather more marginally.

This list of themes hardly does justice to the wide variety of issues dealt with through the many written and oral submissions which have contributed to the internal debates within the Group. Neither does it explain how the choice of work themes was made from one year to the next. Only in 1998, any form of longer-term planning was introduced.

In Rome in 1998, the Group recognised the need to restructure itself along more explicit lines in terms of organisation and work programme. That year, it became apparent that the Group could no longer afford to continue operating as it always had, following the departure of its founders, and that it would have to restructure its operations around newly updated targets.

The Rome meeting was thus the setting for the adoption of a triennial work programme covering the 1999-2001 period, which, rather than inflexibly dictating the study themes for that period, simply made a distinction between four permanent and core themes and three rather more ad hoc themes.

1) core issues

- Classification of service products
- Service Product Prices
- Demand for purchased services
- Non-profit institutions

2) ad hoc issues

- Measurement of employment input
- Definition and measurement of the ICT and content activities
- International trade in services and production

This work programme was submitted for advice to the authority which originated the Voorburg Group in the first place, the UN Statistical Commission. The Group's legitimacy is founded on the utility which Commission ascribes to it. This explains why the Group submits an activity report to the Commission every year, and why this new proposed triennial programme will be submitted to it.

Report for the period 1999-2001

The resolutions adopted in Rome were aimed at enhancing the effectiveness of the Group's work. The two main developments were the adoption of leading themes for the forthcoming three years, and a decision to hold yearly meetings involving virtual themed workshops. The practical consequence of the latter measure was an effective reduction in the number of individual contributions to each meeting, and the appointment of people in charge of themes who have brought more effective organisation to the work relating to their sessions.

The agendas of the meetings held in the years 1999 to 2001, in Christchurch, Madrid and Örebro, highlighted the relevance of the priorities adopted in Rome to varying extents according to the themes involved. An additional theme was added on owing to the growing importance of the emerging technologies and the information society world-wide.

Classification of service products (UN CPC subgroup)

As regards this ongoing theme, the Group has always dealt almost exclusively with CPC. It made a substantial contribution to version 1.0 which was adopted by the UN Statistical Commission in 1998. Since the publication of this new version, the statistical commission has approved the production of an update to CPC version 1.0 for 2002.

The sub-group then looked to statistical offices represented in the Voorburg group, to provide their suggestions for updates or changes to the classifications, by drawing on their own experience in using the classification for collecting output and price data. Thus at the Christchurch and Madrid meetings, the session dealing with classifications heard the suggestions and presented proposals for the partial revision of version 1.0 of CPC which will be implemented in 2002.

Beyond 2002, a major revision of the CPC and ISIC nomenclatures is planned for 2007. National nomenclatures of the same type will be dealt with concurrently, particularly those of North America and Europe. Proposals for changes should therefore be prepared based on research carried out into price indexes and on the various surveys which have been attempted in the field of emergent technologies and new services in particular.

Over the next three years, this theme will undoubtedly retain its importance, and these years will be decisive as to the choices to be made in terms of the structuring of future nomenclatures.

Nota bene : referring back in the VG Cdrom to the 1987 meeting in Stockholm, one can find out a first proposal for an information sector.....

Services price indices

lead : USA-BLS

Statistics Canada

An unprecedented effort has been dedicated over the three years from 1999 to 2001 to promote and further this theme.

In addition to a considerable extension of the time dedicated to presenting and discussing in meetings member' experiences in this domain, the work has been meticulously organised in order to rationalise the collective endeavour and ensure that quality documentation is produced on each of the fields progressively covered, with the useful help of the OECD.

The issue of aggregate index models to cover the economy as a whole, including the services sector, was also broached.

The UN statistical commission recommended that the future work program of the Voorburg group be focused on problems of service product prices, in close co-operation with the IMF which co-ordinates the UN expert group for developing a new PPI manual. IMF experts did attend the Christchurch and Madrid meetings and concluded that the Voorburg group expertise was an important asset for the manual, particularly for Chapter 14 concerned with the services sector. The complete draft manual is expected to be available for additional review and ordering during 2001. The PPI manual should be complete in September 2001.

The importance of this theme is such that in Madrid, the constitution of a specific sub-group, along the lines of the nomenclatures sub-group, was mooted, which would have meant holding specific meetings separately from the annual plenary meetings.

As with the previous theme, there is still much work to be done here, given that there are many services that still need to be covered, and the first experiments still require validation.

Measurement of demand for services by enterprises

Lead : USA Bureau of Census

The adoption of this study theme was designed to meet two major concerns, namely the need to enhance knowledge of purchases of services by corporations, with a view to drawing up a table of cross-sector exchanges, and the need to assess the apparent trend for outsourcing services.

One anticipated benefit from a co-ordinated approach between several countries on this theme was the prospect of being able to define an aggregate nomenclature of purchases of services by corporations which would be relevant to CPC and which would simplify comparisons between countries.

The outcome of this effort is a model questionnaire which, after a series of test runs still under way in 2001, should be transmitted to the UN Statistical Commission.

Measurement of non-market services

Lead : ISTAT

It is no longer possible to speak of non-market services since the adoption of the new national accounting methodology, SEC95, which distinguishes between profit-driven and non-profit ventures at the economic actor level only.

This is as thorny an issue as they get, since it covers most of the production units which cannot be termed companies owing to their status, and which are fundamentally different from companies in that the major part of their resources is not generated by market activities. Their reporting framework, if any, is designed by their subsidy provider. These institutions are active in many service sectors, and in particular in those sectors not usually covered by business statistics.

The contributions made in connection with this theme in Christchurch and Madrid focused mainly on the prospect of carrying out a census of such units and on experimenting with surveys tailored to these sectors housing predominantly non-profit institutions (culture, education, healthcare, social services, etc.).

Any further work on this theme will depend on the resolve of the various countries involved to carry out such a census, and also on the priority which they believe deserves to be ascribed to enhancing the measurement of the production and added value of service sectors that are not covered by business statistics. The production in real terms indeed suffers from a lack of direct volume or accurate price indicator.

Measurement of employment input

This theme, at the top of the list of ad hoc issues, resulted from the adoption of a draft questionnaire in Copenhagen in 1997. It has not given rise to specific work within the Group since 1998.

The theme of employment is however always of particular relevance in service activities, if only in connection with their dynamism and heterogeneity. But issues related to employment were lately often being linked to issues of productivity and qualification, owing to the spread of new technologies throughout the corporate world. Information technology and telecommunications have not only altered the means of production, they have also led to changes in organisation, and resulted in tremendous changes to work practices. Under this perspective, which isn't far removed from that of productivity, the relationship between computerisation, working conditions and employment provides ample material for what could eventually come to be a study theme in the coming years.

Definition and measurement of the ICT and content activities

Lead : Statistics Finland

The considerable interest shown by all countries in the emergence of the new information and communication technologies (ICT) has resulted in considerable pressure being put on the members of the Group for a rapid and uniform statistical response to requests for the assessment of the impact of these new technologies.

Because of this, from being an ad hoc issue, the theme has become a core issue over the period under consideration.

The work was carried out in collaboration with the OECD and Eurostat. The Group's meetings were even held complementarily with those of the OECD's WPIIS, and the Eurostat workgroup dedicated to the information society took over from the Voorburg Group in designing survey models.

The results achieved by the OECD on this theme since 1999 are the following:

- consensual definitions (ICT sector, electronic commerce)
- a survey model on the usage of ICT on corporations

Still under way :

- a definition of content-related activities
- survey models on the penetration and use of ICT among private households/individuals and in government organisations.

And for the next few years, the requirements for updates and nomenclatures of service products and activities, to be taken into account by the 2007 version of CPC and ISIC at the latest.

The Voorburg Group will doubtless continue to take part in this drive for consultation and harmonisation, which is vital to enable comparisons to be made between different countries.

Once the first wave of interest in the indicators of penetration of hardware and practices connected with the new technologies has passed, the focus of attention will shift to the consequences of this on economic activity, for instance on the organisation of companies, competition and employment.

Already, the questions asked about the international comparability of gross domestic product growth call for a comparative analysis of statistical assessment in relation to expenditure and investment in the field of information technology and telecommunications.

International trade in services and production

This issue was present on most agendas of the first years meetings of the groupe, but the outcome was not very convincing.

More recently, this issue was raised at the Christchurch meeting in connection with the work being carried out jointly by Eurostat, the OECD and the IMF to provide a detailed breakdown of the different categories of services involved in the balance of payments in accordance with CPC. The difficulties that were encountered within the scope of this work might be taken into account in the forthcoming revision of CPC.

The OECD is about to publish a manual on statistics on the international trade in services, the outcome of a large-scale international collaboration which involved the WTO and the United Nations in addition to the three above-mentioned bodies.

International trade in services, globalisation, and foreign affiliate trade statistics, are all expressions which in one way or the other evoke the difficulties of assessing the extent and activity of networks on the international scene. Such assessment is particularly difficult in the case of services.

This theme did not give rise to any specific work within the Voorburg Group over the period under consideration.

Proposed work programme for 2002-2004

Methodology

1. The choice of a triennial period seems most appropriate to enable in-depth work on themes which must be handled with some degree of priority.
2. This does not of course preclude the possibility of spending more time on selected themes of a more permanent nature such as the issue of nomenclatures, or those which remain relevant in the long run, such as the theme of the information/knowledge-based society and the theme of the cost of services to companies.
3. Given that the Voorburg Group only meets once a year, and that it dedicates a work session to each of the themes forming part of its programme, the overall number of themes must be limited. This is the best way of avoiding an excessive dispersal of efforts.
4. However, with a three-year programme, we can allow for the inclusion of certain non-central themes which will not be dealt with at each of the three forthcoming meetings.

Q-0

Should the group amend that framework ?

Themes

1. As a result of the foregoing overview, at least two themes should be pursued as core issues, whilst one of the ad hoc issues, which was therefore not part of that set, has acquired all the characteristics thereof. The themes in question are :

Classifications of services products and activities

The knowledge and expertise of the Voorburg group is crucial for the classification revision process as the services activities and products shall be in focus.

Services prices indices

Information society : *Definition and measurement of ICT and content industries. Measurement of ICT impact on economic agents.*

The title should be reworked to take into consideration current advances and the growth of demand for new technologies, but the work will continue to be carried out in collaboration with Eurostat and the OECD.

Q-1a

Is the group considering the work in that field as completely jointed with OECD or has it a proper approach to deal with complementary themes ?

The importance of knowledge as a driving force in the economic development is recognised by a growing number of policy-makers and thus implying growing demands for the production of statistics covering the knowledge based society. This would include a special focus on the services activities actually producing knowledge and on the impacts on business relations and organisations due to increased use and management of knowledge.

Q-1b

What is the opinion of the Group to enlarge the scope of Information Society to cover the Knowledge-based Society in more general terms ?

2. The structure of the three meetings to be held during the period under consideration reveals that it would be possible, though not indispensable, to include a fourth core issue. This could be drawn from the list set out below.
3. Possible themes which might be adopted as ad hoc issues should be selected primarily from the themes left over from the previous period and listed below. The state of progress and likelihood of a result differ widely among them :
 - a. The survey model on the demand for services is close to completion. Its implementation by the countries involved will now need to be monitored. An extension work could be done on some specific services which are of particular interest regarding their weight in business accounts.

Q-3a

Does the group consider the issue complete with the survey model, or does it want to pursue that work in the specific field of services of peculiar importance, like advertising ?

- b. The theme of non-profit institutions has been developed to the point where it appears that there is now a clear option between carrying out a typological study of the units forming part of this category and launching a series of sector-specific surveys (healthcare, education, social services, etc.). The first type of study would be of greater interest to the so-called "round table on business register" group. In the case of

the second type, the specific nature of these services sectors means that the work will be rather more focused on a comparative study of national accounting assessments than on a proposal for a survey model.

Q-3b

Is the group willing to start with comparative studies on sectors in this field ?

- c. The theme of employment was left untapped during the previous period. However, it has not lost any of its relevance: it could be integrated as an aspect of the core theme of new technologies in order to measure the impact of new technologies on the organisation of work and on qualifications. That theme is not specific to services, but very sensitive to some of them. Together with the following, about innovation, it could form a coherent package.

Q-3c

Is there an agreement for bringing this issue up

- **About recent trends in qualifications and skills**
- **in connection with ICT impact and innovation**
- **altogether**

- d. One theme which has been mentioned time and again but which has never been dealt with in depth by the Voorburg Group is that of Innovation, in its widest possible sense, i.e. not limited to technological innovation. It is indeed increasingly accepted that the concept of innovation is not exclusively related to technology, which is often its end-product, but that it covers all the changes of processes, of products and of organisation which together help raise a company's productivity or market share. Several countries have already embarked in that.

Q-3d

Services are genuine innovative areas, but defining and measuring innovation is not easy so. Is the group ready for embarking in this new topic?

- e. The theme of international trade may spawn a wide range of research projects which call for widely differing means. But apart from the nomenclature of international trade in services which is inherent to the balance of payments, this theme is not specifically concerned with services.

Q-3e

Does the group feel qualified for dealing with balance of payments?

f. Short term indicators in services are a matter of growing importance.

Q-3f

Should the group work on short term indicators in services during the next three years period ?

g. Other themes that may be chosen include the following ones, which have been considered and sometimes addressed in the past:

Business account framework

Business behaviour

Statistical burden

Q-3g Conclusive question:

Participants are invited to consider the themes listed above as possible core or ad hoc themes for the coming three years. That list may be completed of course or amended in any way. As such it can be used as a starting point for the triennial planning.

Organisation of the work in-between meetings

The resolutions adopted at the Rome meeting have proved their worth. Here are some examples:

More emphasis should be put on the work in-between meetings in order to collectively start working by session well before summer time.

Virtual subgroups with a lead country (person) shall be established by session, for structuring the session and coordinating the work in-between meetings.

The criteria for membership is active participation in the work of a subgroup

Each of the co-ordinators will be asked by the Bureau to come up with a brief description of a work program including objectives and sub items. The descriptions then shall be circulated to all members of the group in order to register as an active member of the subgroup. The first task of the subgroup would be to prepare a more detailed work program to be presented to the bureau by end of January.

This last resolution has only been partly implemented to date, so that although the sessions have been prepared more collectively, the grouping according to sub-group has not yet yielded all its anticipated effectiveness. The problem seems to be related to the ending of the preceding meeting, which takes too much time with respect to

the diffusion of the minutes, delaying the starting signal of the following meeting preparation by the Bureau.

Home page

Statistics Canada has agreed to create and host on a long term basis the site of the Voorburg Group which will provide access to all the documents dealt with in past meetings, as well as to official information regarding the Group.

Constitution and responsibilities of the Bureau

The responsibilities of the Bureau were not precisely defined in Rome. It is clear however, that it is the body in charge of managing the activities of the Voorburg Group, organising its meetings and co-ordinating the work of the Group.

As defined in Rome, the Bureau comprises 4 members as well as the previous host and the forthcoming host country. Its chairman is appointed by the members of the Group based on the Bureau's nomination. Prior to the Örebro meeting, it consisted of the following members:

<i>Peter Boeegh Nielsen (chairman)</i>	<i>Statistics Denmark</i>
<i>Albert Meguerditchian</i>	<i>Statistics Canada</i>
<i>Fabiola Riccardini</i>	<i>ISTAT-Italy</i>
<i>Patrice Roussel</i>	<i>INSEE-France</i>
<i>Miguel de Castro</i>	<i>INE-Spain</i>
<i>Gunnel Bengtsson</i>	<i>Statistics Sweden</i>