



Progress report for the 17th meeting of the Voorburg group

1) 1999-2001 Voorburg Group program

PPI for Services

Statistics Netherlands started a new programme for the development of PPI for services in late 2000. The PPI for operational car lease was revised in 2001 and first steps were taken towards PPI's for engineering services, IT services and corporate telecommunication services. In addition, for health care a thorough investigation into price and volume measurement was started in 1999. A draft EU regulation on the use of PPI's for deflation purposes in National Accounts supported the project in 2001.

Demand for services

Further consolidation and standardisation of the Annual Business Statistics (i.e. the Production statistics) took place. These contain information on services purchased by enterprises in various sectors of the national economy such as industry, trade and repair of motor vehicles, hotels and restaurants, business services, etc. (besides the Annual Business Statistics no specific statistics have been developed in this area). The list of purchased services varies across the sectors but in most cases it includes the following categories:

- Costs of contract (detached) labour
- Research and development costs
- Communication costs
- Purchased computer services
- Insurance costs
- Costs of purchased banking services
- Costs of purchased accounting, auditing and bookkeeping services
- Lease and rental payments (buildings, machinery, equipment, cars and other)
- Costs of repair and maintenance services
- Costs of purchased utilities (water, gas, electricity, sewer and other utilities)
- Licence fees
- Advertising services
- Office cleaning services

As to statistical information on the clients who purchase services (e.g. government, business sector, households; residents and non-residents, clients by economic sector, etc.), there is still limited data available. For several service industries (e.g. catering, lease of cars and machinery, laundry and dry cleaning services) there are two short questions on clients in a harmonised questionnaire of the Annual Business Statistics: the first question is about the enterprise turnover originated from sales to the **business sector** and the other question focuses on sales to **households**.



Definition and measurement of the ICT and content activities

Data capture

In the period 1999-2001 Statistics Netherlands extended their data capture in the field of ICT. The aim is to produce an adequate (statistical) description of what we have called the digital economy by the end of 2003. Publications for the years 2000 and 2001 have been realised. These publications bring all kinds of information on the digital economy - from official statistics but also from other sources - together in one publication. The aim is that in the end the most important indicators should be based on and embedded in the official statistics.

Priority is given to:

- integrating the international questionnaire on ICT-use of enterprises (Eurostat, OECD) in our existing ICT-survey in this field (started in 2000);
- extending our data capture on the ICT-use of households (started in 2001).

Conceptual work:

- in our publications we make use of the definitions agreed upon in international fora (Eurostat, OECD);
- furthermore (nationally) we stimulate contacts with universities to help us develop a conceptual framework for describing (and understanding) the developments to come;

2) 2002-2004 Voorburg program

PPI for Services

A thorough pilot study was carried out in early 2002 for **engineering services**, wherein several pricing methodologies were tested. After the evaluation of this pilot (August-September 2002), the pricing methodology will be chosen and an experimental PPI-series will be based on an extended sample. A pilot survey for **architectural services** will start in autumn 2002.

The PPI for **road haulage** is being reviewed (leading a.o. to a rebasing).

A number of firms are surveyed since the second quarter of 2002 for an experimental PPI for **corporate telecommunications** based on the bill method. Additional firms were approached recently for cooperation. The industry is complex despite the small number of firms and realizing a PPI is challenging.

A (theoretical) study into the feasibility of a producer price index of **IT-services** resulted early 2002 in an analysis of problems and possibilities. Anticipating on a pilot survey, we collect information for a PPI for IT services through qualitative field interviews. This approach was chosen as there are many unanswered questions regarding quality development, classifications, bundling of services, treatment of software as good and/or service, trade in software, and investments in vs. intermediate consumption of IT products. These questions relate to other Voorburg Group themes.

For **legal services** it was decided that a pilot survey for the CPI and the PPI will be combined. Unlike the CPI, the PPI will also cover the corporate market and the legal fees



concerning real estate transactions. The survey will focus on the two main industries: lawyers and public law notaries.

In spring 2002 preliminary research into feasible methods for PPI's for **accountancy**, **advertising** and **postal services** was carried out. The next steps include interviews with the industry.

Mid 2002 a study was started into price and volume measurements for **labour recruitment services**. The major challenge is observing the service with enough detail. In the fourth quarter of 2002 a pilot survey will start.

For better price and volume measurement of **hospital services**, a research project on the development of a volume index based on numbers of treatments is in progress. For some other **health care services** price indices are being improved.

Classification of service Activities and products

An update of the services part "social work activities" was effective in our national version of NACE (SBI) as from January 2002. In this part of NACE we need many national extensions.

In January 2003 the updated NACE will be used as the base for the SBI. At the same time the part describing health care activities and education will be updated using the fifth-digit level. Especially for health care activities we also need much additional detail. Since the beginning of 2002 we prepare for "operation 2007", the revision of the NACE, so also of the SBI. An inventory is made of the wishes of important users of the NACE/SBI. A new structure is drafted with special attention for a content-sector and a sector for waste-management, comprising recycling and refuse disposal etc. (the divisions 37 and 90). Also the position of converting will be an important item.

Information society statistics

- We have the intention to actively participate in developing a questionnaire on ICT-use in the government sector and will participate in the pilot-survey (Eurostat) foreseen in 2004;
- We are still in favor of an international agreed definition of ICT-goods and services as well as the content-sector/contentgoods. Now we use our own national definitions in this field;
- We will make a start (e.g. as part of the OECD-project) with micro-economic analysis to try to find evidence for the hypothesis that ICT-using enterprises perform better (or have different characteristics) than other enterprises.



Sales by service products (measurement of turnover of detailed products)

The recently harmonised Annual Business Statistics (production statistics) collect data on turnover of specific products or groups of products for a number of service industries included into the Statistics, but not for all of them. The future work should be focused on a better coverage of service industries and on the collection of data on sales of specific service products. This information is very much required by a wide range of users (business sector, research circles, policy makers, and broad public). Besides this, the information is needed in the process of developing Producer Prices Indices for Services (i.e. for calculation of weights of specific service products).

International trade in services

There is an agreement between Statistics Netherlands and the Dutch central bank with respect to the international trade in services statistics (ITS). The Bank will end its settlement based system in April 2003. From that time onwards, Statistics Netherlands will take over the complete data collection. The new ITS will be based on both surveys among enterprises and among persons. The quarterly statistics are intended to start in the second quarter of the year 2003 covering at least 12 service industries and 15 groups of countries (regions). The first annual ITS publication is foreseen in 2004, with a broader coverage of sectors and countries. These breakdowns are in conformity with the (draft) Community Regulation on Balance of Payments and International Trade in Services Statistics.

Short term indicators

Within the framework of the EU Short Term Statistics Regulation, Statistics Netherlands has been working hard to meet the Regulation's demands. In the course of 2003, the scope of short-term services statistics will be broadened, in order to cover all the required NACE-codes. Anticipating recent proposals to change the STS Regulation, Statistics Netherlands has started to transmit quarterly data on 'hours worked' and 'gross wages and salaries' in addition to 'number of employees'.