Statistical gaps:
The challenges facing the service programmes at Statistics Canada

Background paper

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1. Introduction

This paper does not intend to discuss the many characteristics of the service sectors. This is covered in the many papers presented to this meeting. It rather presents some of the challenges facing the statistical system and provides some insight of some of the statistical gaps that Statistics Canada still needs bridged.

Parts of this paper draw heavily on the thinking and conclusions that were drawn from two major exercises that occurred in 2003. The first one is the off-site of July, 2003, where managers from the Industry Statistics Branch met to discuss the future direction of the branch which was subsequently summarized in the Industry Statistics Branch Strategic Vision 2003-2008. One of the principles of that vision is to fill data gaps. The second one is a strategic paper entitled "An Action Plan for the Future*: The issues, the challenges and the choices facing the Business and Economic Statistics fields"*.

2. Economic environment

The importance of service in the economy has been argued over and over. In terms of size, it represents more that two third of economic activities in most industrialised countries. But it is not only the size of the sector that is a challenge for us statistician, it is also its dynamism and the way it changes.

Historically, Statistics Canada, as many other statistical agencies, has done a good job in providing a vast array of economic and business statistics that met the needs of the user communities. However, the economic environment and the business world have been changing rapidly and the needs for information have evolved as well. For instance, the huge trade liberalization, the globalisation of business activities, the major shift from goods production to a services based economy, new national and international business and financial arrangements have changed the way national economies behave and therefore affect the way we should look at them. We have to look at our national economy in a new context where the service economy keeps growing and changing from simple activities to a convergence and a bundling of services activities and, where trade and knowledge flows become more important as firms think and act globally. Business decision makers can easily divert investment and trade based on geo-political risks, currency values, trade actions, subsidies, and health scares like SARS and BSE (better known as the mad-cow disease).

Looking at today's environment, three major economic transformation factors have been identified[1]:

- The huge increase in international trade,

[1] An Action Plan for the Future, The Issues, the Challenges, and the Choices facing the Business and Economic Statistics Field (October 2003)

- The rapid transmission of shocks, e.g., financial, currency, security, and health,
- The growth and transformation of the services economy.

These have immediate implications for the production of our national economic and business statistics and indeed on the production of service statistics.

As it was well illustrated by David Dodge, Governor of the Bank of Canada, in his presentation to the Conference of European Statisticians in June 2003[2], the growing importance of the services economy and its structural changes (for example the major shift in insurance services), and the implications of rising trade flows and firms operating globally, impose new and major challenges for national statistical offices that need to be addressed. These challenges go well beyond the establishment of methods to measure new concepts; it also involves a huge international data comparability exercise.

These important economic changes have also introduced commensurate complexities into business practices and business accounting, such that conceptual and methodological frameworks and collection procedures are often no longer adequate.

What does it means to Statistics Canada?

The Government of Canada must respond to the economic changes identified earlier, in terms of policy, including fiscal and monetary measures. In the case of the rapid transmission of shocks, the Government needs quick information. In general, this means more current information. In a specific example, the Canadian Tourism Commission had to commission a private consultant to measure the impact of the September 11 terrorism attack on tourism to Canada because there were no existing quick measures.

The latest World Trade Organisation negotiations are focussing on trade in services and agriculture. Officials of the Department of Foreign Affairs and International Trade have indicated to Statistics Canada that the list of services used in the Balance of Payments (BOP) is inadequate for their purposes in these negotiations[4].

In addition, the growing importance of trans-national enterprises raises other issues for our statistical program such as transfer pricing, the allocation of value added, and the multiplier

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[2] Dodge, David (2003) *It All Starts with the Data*. Paper presented to the Conference of European Statisticians, Geneva, June 11, xx pages.

[4] Service Industries Division has agreed to help BOP by adding import/export indicators to all relevant surveys

[7] Bloskie, Cindy, "Industry Output in Recessions, Current Economic Observer, April 1991.

effect of their exports. The allocation of value added is complicated by Byzantine corporate structures with headquarters in low taxation countries and internal trade pricing designed to increase profits in low corporate taxation countries.

The Bank of Canada has asked Statistics Canada to improve our data on the financial side so that better decisions affecting capital markets can be taken. The Department of Finance is concerned with the issues around the tax base, tax leakages and transfer pricing, and the hollowing out of corporate Canada.

Canada is a partner in the Kyoto accord and needs performance indicators on our greenhouse gas emission reductions/increases.

Industry Canada and Finance Canada are concerned with the productivity issues and the impact of the knowledge economy on Canada's performance and prosperity.

Last year, the Ministry of Industry identified the following issues as priorities for their Portfolio:

- Science and technology
- Research and development
- Early-stage financing
- Leading edge technologies such as health and environmental
- The development of value added industries.

International statistical issues and actions

But changes to the economic environment and policy direction are not the only factors highlighting the critical need to fill statistical gaps at Statistics Canada. Other statistical agencies are also moving ahead rapidly in improving their statistics. There is increasing pressure on all statistical agencies to produce internationally comparable statistics and this one of the reason of the existence of the Voorburg Group.

Timeliness

Given the rapid transmission of shocks throughout the global community, timeliness is increasingly important. Annual data have little relevance for today's financial markets. Eurostat finds that it cannot provide statistics to the European Central Bank as quickly as the USBC supplies statistics to the Federal Reserve, so Eurostat is pushing European Union statistical agencies for more timely indicators. The United States Bureau of the Census has been working aggressively towards filling infra-annual data gaps by investing over $ 5 million (US). A list of industries for which the USBC is in the process of creating infra-annual indicators of sales trends is found in Appendix 1.

Convergence and measurement of activities

With new activities emerging from knowledge-based industries that cross traditional industry boundaries, there is increasing demand by policy-makers and industry analysts for data based on activity or product groups. Statistics Canada is working closely with the United States and Mexico to develop a North American Product Classification System (NAPCS). Much of the work to date has focussed on trying to create product lists for business service industries where little delineation has existed before. As NAPCS definitions are finalized, the USBC has been very active in aggressively implementing NAPCS products into their annual services program (see Appendix 2).

Transfer pricing

Transfer prices between production units in different countries can be problematic. How does one measure production, value exports and determine corporate profits when accounting concepts differ from economic concepts? Can or should the economic accounts differ from what firms report on their financial records? Transfer pricing affects trade, profit, production and hence national income estimates. Properly measuring this is essential, if we are to understand the structure and performance of the economy.

Measuring trade in services

The nature of service products and the rapid advances in communications technology (Internet) means that international transactions in services are often difficult to identify and consequently, to measure. That and the fact that, unlike goods, there is no central Customs source, a complex strategy is required to measure trade in services across the full spectrum of service commodities. Services can be exported and imported by various types of industries and knowing which industry deals with which commodity is important for policy development and delivery.

Other measurement issues

- *Measurement of sub-economic union economic activities*

Just as the data demands by statistical agencies increase to measure industries, activities and trade, so too does the demand for finer geographic detail. Provincial and territorial data are more important in Canada then ever before. They are critical in the determination of equalisation and transfer payments, HST allocation, and for numerous policy decisions. It is

also a challenge to publish estimates for smaller provinces and territories due to confidentiality restrictions.

Similarly, members of the European Economic Union require data for their own country and for the EEU collective. Statistics for European states are becoming more problematic with the removal of frontier controls, transfer pricing, and head offices location in lower corporate tax countries.

Some of Statistics Canada's clients have identified the absence of sub-provincial financial data by industry beyond three large cities as a data gap. However, filling this gap would require a much bigger sample in order to obtain reliable estimates, the cost of which would likely be very high. Making use of the wealth of administrative sources can offer a partial solution, but conceptual and frame issues must be addressed.

- ***Measurement of environmental statistics***

The environment is an important policy issue both domestically and internationally. There are increased data needs from the environmental accounts. Existing programs such as the Industrial Consumption of Energy Survey need to be expanded in order to provide provincial and more detailed industry level estimates. There are data gaps in the measure of alternative forms of energy such as the residential use of wood for home heating purposes or the industrial use of renewable energy such as wind and solar power.

Environmental services are becoming an important proportion of service exports. With Canada as a partner in the Kyoto agreement to reduce gas emissions, more information on exports and imports of environmental services is needed to ascertain the full economic impact from a domestic and international viewpoint.

- ***International comparability***

In a world of emerging economic blocks, there is a need to compare statistics among the countries of these blocks. The European Union has doubled in size. The United States of America is leading efforts to form an Americas trade block, bigger than the NAFTA trade area of the U.S.A., Canada, and Mexico. South East Asia has recently agreed to form a trade block.

Canada, the United States of America, and Mexico have standardised industry and products classifications (NAICS and NAPCS). The USBC is aggressively expanding its current indicators in Services (see Appendix 1) as well as annual NAPCS statistics (see Appendix 2). Eurostat is continuing to push for standard classifications, output, and improved timeliness in collaboration with the members of the European Union. Australia and New Zealand are adopting joint classifications.

The United Nations (UN) is working to develop more comparable classification systems, especially between the North American and European standards. The World Bank has undertaken an international price comparison project (for which Canada is the Latin American co-ordinator). Then there are the activities of comparability lead by the Voorburg Group on Standards, Outputs and Prices.

Although we are working on each of these issues/actions and we must continue to do so, some areas need more urgent attention. These gaps are highlighted and expanded on below.

Canadian Statistical Gaps

Despite the economic importance of services in Canada, statistics on this segment of the economy are weaker and less consistent across industries compared to those for goods. This is not surprising, as we have been collecting goods statistics for more than six decades. Nevertheless, we have made progress in measuring the service sector though our various initiatives (such as: GAPS I and PIPES) which allow us to better measure the size of the service economy by industry. Although business surveys and tax data sources do provide fairly comprehensive **annual** statistics on service value added by industry, there are still some gaps in the availability of financial statistics for some services industries and larger gaps in the availability of **characteristics** of services (e.g. line of products, trade flows) provided by firms, and the availability of **infra-annual** information

Infra-annual current indicators

Amongst these gaps, the availability of infra-annual current indicators remains a substantial one. In fact, with the exception of the retail, wholesale trades, the food services and telecommunications, there are no infra-annual indicators of consumer or business service industries.

The importance of identifying turning points and measuring economic trends for policy decisions is beyond dispute. In fact, one of the attributes of infra-annual surveys is their timeliness, which is central to good economic policy decision making. For instance, the monetary policies of the Bank of Canada rely heavily on the availability of our infra-annual indicators, such as the CPI, monthly retail, wholesale and international trade, as well as, our monthly Labour indicators. However, the monitoring of the shift in the service sector has always been difficult to do and analyse. For example, the downturn in the information technology sector has only been tracked rapidly on the goods side, while an important part of shift occurred in the services side. In the same manner, the effects of disasters such as September 11th, pandemics like SARS, food safety concerns such as BSE, as well as political uncertainty on the range of services industries including traveller accommodations and restaurant services, can presently only be monitored through labour statistics. The recent events have demonstrated that the absence of infra-annual information for services is an important issue.

In terms of priorities the National Accounts have highlighted, for example, the traveller accommodation and computer services industries, as their priorities for infra-annual estimates. In the case of traveller accommodation, not only it is a large industry, nearly $13 billion in 2002, but it has spin-off effects in the rest of the economy. The industry is an important component of the tourism satellite accounts and for sub-annual industry measures.

Statistics Canada has also been receiving increasing demands and funding for information regarding connectedness and e-commerce. Policy makers and industry analysts would all like to see infra-annual indicators developed for computer services, Internet service providers and e-commerce. This is one area, however, where there is greater interest in the actual activities than in the specific industries. The USBC currently produces quarterly estimates of e-commerce by the retail sector irrespective of their specific industry designation. If Statistics Canada were to adopt a similar approach, the monthly retail trade survey would need to be expanded to include the electronic shopping and mail-order houses industry, two areas of growing interest.

Table 1: Selected infra-annual current indicator gaps

Industry	NAICS	Data based on Business Register (PAF 2003-10)		
		GBI ($ billions)	Employees ('000s)	Establishments
Petroleum products wholesalers	412	32.6	14	2,086
Wholesale agents and brokers	419	34.8	60	13,242
Oilseed and grain wholesalers	41112	13.8	4	365
Non-store retailers	454	9.9	42	8,734
Electronic shopping and mail-order houses	4541	3.9	14	2,131
Computer services	5112, 5182 and 5415	29.8	262	60,192
Professional, scientific and technical services	54 (excluding 5415)	77.3	784	238,139
Administrative and support services	561	49.3	679	98,669
Traveller accommodations	721	12.3	247	18,320
Personal services	812	8.5	155	41,539

Source for data: Business Register PAF 2003-10

Infra-annual leading indicators

According to a 1991 study, the following highly cyclical industries are leading indicators:[7]

- Many manufacturing industries (already covered by the Manufacturing Business Conditions Survey)
- Accommodation and food services (Accommodation is covered by a pilot Business Conditions Survey)
- Other services (consumer oriented)
- Wholesale trade industries
- Retail trade industries
- Transportation industries.

We do not at present have a good leading indicator of confidence in the wholesale and retail trade industries. Traditionally, analysts used changes in inventory as a leading indicator for these industries. With the increasing dependence on just-in-time delivery and small inventories, it is harder to rely on these data. Smaller changes could signal critical changes in confidence but our measurements are not necessarily fine enough to be considered statistically significant. Distributive Trades Division produces data on wholesale and retail inventories, but these data are not considered to be as high quality as the division's trade figures, particularly in the retail sector. Extending the Business Conditions Survey to include wholesale and retail trade would provide a better indicator of confidence in these industries.

The traveller accommodation industry is an ideal leading indicator since many travellers book their reservation in advance, some travel is considered discretionary and the industry is reflective of the broader tourism sector. The industry is large and has many spin-offs on final demand in the economy. Service Industries Division is currently in the midst of a pilot project to develop a quarterly Business Conditions Survey for this industry. Quarterly data will be collected for Q3 2004 to Q1 2005. Survey results will be released publicly beginning with the first quarter of 2005.

An updated study of highly cyclical industries may well list other industries. For example, annual trends as well as subject matter knowledge suggests that computer services, employment services and advertising could well be considered as potential signals of business confidence.

Table 3: Selected infra-annual leading indicator gaps

Industry	NAICS	Data based on Business Register (PAF 2003-10)		
		GBI ($ billions)	Employees ('000s)	Establishments
Retail trade	44-45 (except 454)	284.7	1,812	211,432
Wholesale Trade	41 (except 41112, 412, 419)	358.4	814	106,162
Computer services	5112, 5182 and 5415	29.8	262	60,192
Employment services	5613	8.5	151	5,166
Advertising	5418	7.1	58	14,933
Traveller accommodations*	721	12.3	247	18,320

*Pilot Business Conditions Survey underway.
Source for data: Business Register PAF 2003-10.

Annual industry estimates

Effort, have been done in recent years to fill some of the remaining gaps in services data. For instance, , a variety of services, especially in Information Services (NAICS 51), were covered until recently by the Culture Statistics Program (CSP) on an activity basis. Starting this year, these activity-based programs will be converted into industry-based the industry estimates. -- see Table 4.

Statistics Canada does not have any industry-based measures of the health and education sectors, specifically the private sector activities within each. Health services are expected to gain increasing prominence as provinces consider methods to privatize parts of the health care system.

Table 4: Selected annual industry estimates data gaps

Industry	NAICS	Data based on Business Register (PAF 2003-10)		
		GBI ($ billions)	Employees ('000s)	Establishments
Construction	23	138.1	1,022	251,357
Periodical, book and other publishing**	51112, 51113, 51119	4.2	27	4,507
Motion picture and sound recording**	512	7.6	61	15,095
Information services	519	1.9	24	1,369
Legal services	5411	8.9	101	26,169
Other professional, scientific and technical services	5419	5.1	66	17,438
Head offices	551114	1.6	15	277
Business support services	5614	4.4	62	6,388
Telephone call centres	56142	2.4	38	1,060
Internet publishing and broadcasting	516	.1	1	107
Investigation and security	5616	3.6	80	5,026
Services to buildings and dwellings	5617	8.5	186	39,071
Education (private sector only)	6114, 6115, 6116, 6117	4.4	69	16,108
Ambulatory health care (private sector only)	621	24.1	460	65,018
Child day-care services (private sector only)	6244	3	72	8,424

** filled on an activity basis by the Culture Statistics Program; plan to convert those activity surveys into establishment surveys in SID for RY2004 or 2005 in collaboration with CSP.
Source for data: Business Register PAF 2003-10.

There are other industry gaps are dotted throughout business services (NAICS 54, 55, and 56) -- some examples are cited in Table 4. Legal Services, at $8.9 billion, are large. Other professional, scientific and technical services include marketing research, photographic, translation, and veterinary services. Data about the size of the investigation and security industry would answer questions about the growth of private security relative to public

policing. Telephone call centres are lured because they are considered regional growth poles. Similarly, the convention industry is part of the tourism sector and its importance is justified by purportedly high multiplier effects.

Activity-based estimates

Although the NAICS provides us with an adequate framework for the classification of firms in the different economic activities for the purpose of national and international comparison, it does not always correspond to the reality of the outside world. The dynamic changes that take place in the service economy often involve convergence of traditional industries to create new emerging activities that cut across many sectors. Take for instance the fast development of Internet activity, where we see the convergence of the traditional broadband industry with telecommunication and computer technology. Statistics Canada produces industry estimates for the Internet service providers industry (ISPs, but since the ISP industry does not include high speed cable or telecommunications, two significant contributors to the ISP activity, it is likely that we will need to produce activity-based estimates. Table 5 lists other activity gaps.

Table 5: Selected activity gaps

Internet service provider activity
Electronic shopping
Geomatics
Consulting
Consumer: sales, leasing, financing, rental, repair and maintenance
Food and alcohol sales
Quantities of chemicals
Alternative forms of energy (wood for home heating or industrial use of renewable energy)
Technologies used to reduce energy consumption
Trade in service commodities (B.O.P)

With the pervasiveness of information and communication technologies, internet activity has in turn converged with retailing activities to create another service activity called electronic commerce (better known as e-commerce). This activity is not only affecting the way consumers make purchases, but, more importantly, the way businesses behave. As mentioned earlier, the USBC produces a quarterly activity-based estimate of e-commerce, while Statistics Canada produces an annual measure.

Another example of the growing importance of an activity cross-cutting industrial classification is Geomatics. Firms taking part in this economic activity are present in a wide selection of industries (e.g., Computer services, management consultant services, mapping services, etc.) thus it is difficult to measure the activity with the traditional classification framework.

Therefore, it is critical that we supplement our financial information of services activities with characteristics of firms and their product line in order to have the potential to adapt rapidly our measurement mechanisms to explore these emerging service activities. Similarly, the consulting activity occurs not only in the management consulting industry, but in the legal, engineering, accounting, and architectural services industries.

While most of these gaps are service activities, the same also applies to specific commodities. Food and alcohol are important commodity inputs to the system of national accounts. They are consumed not just in restaurants and bars, but also in hotels and arts/entertainment/recreation facilities, such as golf clubs, ski hills, theatres, and cinemas.

In addition, environmental and Kyoto considerations suggest that we need to provide statistics on quantities in chemicals, alternative forms of energy, and technologies to reduce energy consumption.

Statistics Canada has introduced NAPCS classifications as they have been developed and plans to continue introducing NAPSC. Similarly, the USBC is aggressively enlarging its NAPCS coverage in Services (see Appendices 2). At a certain point NAPCS estimates should be published within sectors (i.e., across industries) and/or across the economy; comparisons should be made with U.S. activity based estimates. In order to have comprehensive activity estimates, it is desirable to have comprehensive industrial coverage annually.

Even where we measure some commodities and activities in our annual industry-based surveys, inter-provincial trade flows are not tracked in all services industries.

Challenges and opportunities

By far the most difficult challenge Statistics Canada faces is to fill these data gaps in a cost-efficient way without diminishing our present outputs or unduly increasing response burden. The data required to fill activity gaps such as inter-provincial trade flows are significant to response burden and collection costs.

In addition, the stratification variables used to produce industry estimates do not necessarily work well to produce activity-based estimates or trade flows. It is especially problematic in identifying firms that are involved in a particular activity such as geomatics or e-commerce.

However, there are many opportunities for cost effective ways of filling these gaps. Most notable are the various tax files that are readily available.

Use of GST data for quarterly indicators

Statistics Canada is currently researching the use of the Goods and Services Tax (GST) files in order to improve the quality of existing monthly surveys, reduce response burden, and cut costs. Much has been learned about how to work with GST records and produce statistics. We anticipate the future ability to use these data to produce quarterly estimates of change by simple firms at the 3-4-digit NAICS levels within 90 days of the end of the reference period. Further work is needed on the allocation of complex firms.

Use of T1 and T2 tax files for annual estimates

The use of annual tax files should allow us to fill industry data gaps with some financial information on an annual basis. We are also using these data to reduce the cost of existing programs to free up funds to fill data gaps. It should be noted that there are limits to the detail available from these files. For example, further work is needed to develop a reliable measure of salaries and wages for firms in the services sector. One possible approach is to model this with data from the payroll deduction files. In order to take full advantage of administrative data, a detailed strategy needs to be put in place to develop characteristics surveys.

Use of characteristics surveys for activities

We can conceive of supplying most financial data from administrative sources, while using characteristics surveys (either collected by telephone, mail, fax, or e-mail) to obtain the rest of the financial data, trade flows, client base and product data. The combination of administrative data and characteristics surveys should help balance the response burden and collection costs associated with filling activity gaps.

What are we doing about gaps?

For services, Statistics Canada has taken a number of initiatives to deal with coverage and frequency. We have put forward a number of pilot studies focussed on characteristic surveys, development of an infra-annual trend indicator using GST data, and leading indicators; the traveller accommodation industry was later chosen for a Business Conditions (leading indicator) Survey. NAPCS-based activities are being added to the content of annual surveys.

In addition, there has been some joint effort with Natural Resources Canada and Industry Canada to fill gaps on activities such as geomatics and e-commerce (part of connectedness). The annual survey of Internet service providers (ISPs) is entirely funded through cost recovery from the latter initiative as are many of the activity characteristics on the annual survey of software development and computer services.

At the international level, in an effort to identify and fill the gaps in infra-annual services statistics, member countries of the OECD are devoting resources in the realm of the Short Term Indicators for Services Task Force (STISTF). The work of the Voorburg Group focus on the issues of: price indices for services, short term indicators, classification and product detail.

Data on cross border transactions of commercial services are collected via different sources including administrative data from CCRA. However, the major components of the data come from Statistics Canada through the Balance of Payments annual survey on international transaction in commercial services. The foundation of that survey has not fundamentally changed since the early 1980s and a major restructuring of the core collection strategy and vehicles is required. Additional data on exports may need to be collected as part of the annual industry program estimates produced in SID, as is done by USBC annual surveys.

We live in an information world where more information is required more rapidly. The world economy is changing and the information needs are evolving and expanding. Other statistical agencies are taking steps to fill data gaps and produce more timely information. If statistical agencies wish to maintain its relevancy and its reputation, efforts must be made to fill data gaps, especially infra-annual gaps. Statistics Canada and members of the OECD have undertaken to fill some of these gaps. In Canada, despite the many challenges, opportunities in the form of timely administrative data have arisen and may well provide part of the solution to the traditional trade-off between response burden and increase statistical needs.

Appendix 1
Quarterly services surveys in development at the United States Bureau of the Census

In progress

The following are the industries for which quarterly surveys are being developed. The survey will produce estimates of total operating revenue and the dollar value of new contracts awarded and contracts cancelled during the quarter. The intent is to provide measures of current economic performance along with an early indication of future performance. In industries with a significant non-profit component (notably hospitals and nursing and residential care facilities) the USBC will also collect total expenses as it is often a better measure of output than total revenue for tax exempt organizations.

First quarter 2004
- Information (sector 51)
- Professional, scientific and technical services (sector 54)
- Administrative and support and waste management and remediation services (sector 56)

First quarter 2005
- Hospitals (NAICS 622)
- Nursing and residential care facilities (NAICS 623)
- Outpatient care centers (NAICS 6214)
- Medical and diagnostic laboratories (NAICS 6215)
- Home health care services (NAICS 6216)
- Other ambulatory health services (NAICS 6219)

Plans pending FY2004 budget approval

The following industries are in the planning stages with work to begin in fiscal year 2004 pending budget approval. Once the industries targeted to begin in the first quarter of 2005 are implemented, USBC will have quarterly estimates for all the industries that are currently covered by their annual program. The remaining industries targeted for the first quarter of 2006 are gaps in both the annual and sub-annual programs. Plans are also pending to begin producing annual estimates for these program gaps beginning with RY 2004.

Potential additional industries for first quarter 2005
- Truck transportation, couriers and messengers, and warehousing (NAICS 484, 492, 493)
- Securities and commodity contract intermediation and brokerage (NAICS 5231) and Other financial investment activities (NAICS 5239)
- Rental and leasing (NAICS 532)

- Health care and social assistance (the rest of sector 62 not already in development)
- Arts, entertainment and recreation services (sector 71)
- Other services (sector 81)

Potential expansion to 2004 annual and quarterly starting first quarter 2006

- Utilities (sector 22)
- Transportation (excluding rail, certificated air and those industries now covered in the USBC annual program)
- Finance and insurance (the rest of sector 52 not already covered by the annual program)
- Real estate (NAICS 531)

Appendix 2
NAPCS implementation at the United States Bureau of the Census

The USBC will implement NAPCS products into all industries now covered by their Services annual survey by RY2005. If funding is approved to expand their annual industry coverage (see Appendix 1), NAPCS will be implemented into those industries by RY 2006.

RY2003 NAPCS product expansion

- Motion picture and sound recording (NAICS 512) – to complete NAPCS coverage of the Information sector
- Securities and commodity contract intermediation and brokerage (NAICS 5231) and Other financial investment activities (NAICS 5239)

RY 2004 NAPCS product expansion

- Professional, scientific and technical services (sector 54)
- Administrative and support and waste management and remediation services (sector 56)
- Hospitals (NAICS 622)
- Nursing and residential care facilities (NAICS 623)

RY 2005 NAPCS product expansion

- Truck transportation, couriers and messengers, and warehousing (NAICS 484, 492, 493)
- Rental and leasing (NAICS 532)
- Health care and social assistance (sector 62 except hospitals and nursing and residential care facilities added in RY 2004)
- Arts, entertainment and recreation services (sector 71)
- Other services (sector 81)