

# **UNSC Report on services statistics VG**

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## **The Voorburg Group on Services Statistics – future scope**

The Voorburg Group on Service Statistics was created in 1986, in response to a request from the United Nations Statistical Office (UNSO), for assistance in developing service statistics. It was set up at the initiative of Statistics Canada. The first meeting, hosted by the Netherlands Statistical Office (CBS) was held in January of 1987 in Voorburg (Netherlands), from which the group derives its name.

The primary objective behind the creation of the Group was to establish an internationally comparable methodology for measuring the real outputs of the service industries. Furthermore, the Group agreed to contribute to the development of the services areas of the two United Nations Classifications, International Standard Industrial Classification of all Economic Activities (ISIC), Rev 3 and the Central Product Classification (CPC).

Subsequently the purpose of the Group was expanded to address services statistics more generally, including topics such as prices of service products; international trade in services; and employment, skills and occupations in the service sector.

With the growing economic importance of the services sectors and the emergence and rapid uptake of information and communication technologies, the statistical institutes were confronted with urgent user needs developing statistics covering these phenomena. In order to utilise the scarce resources of the national statistical offices most efficiently, the Group has emphasized the importance of international co-operation both between national and international institutes in order to avoid duplication of work and to further the development of work related to definitions and methodology, needed for the future production of services statistics. As a consequence, the Group has established close co-operation with other international organizations such as the IMF regarding services PPIs, OECD (Information Society Statistics) and other UN groups (Classification).

To prioritise the immense tasks of developing services statistics, the Voorburg Group at its meeting in 1998 introduced the managing tool of a prioritised 3 year work program for the period 1999-2001 with the following topics to be the core activity of the Group: Producer Price Indices (PPI) for services and the classification of service products. Other topics to be addressed were Information Society Statistics, the measurement of demand for services by enterprises and the measurement of non-market services with particular reference to the non-profit sector.

The Voorburg Group renewed the previous framework at the 2001 meeting, which for the period 2002 – 2004 consisted of a program to enable in-depth work on a very limited number of core issues (Producer Price Indices, Classifications of service activities and products and Information Society Statistics) and furthermore addressing a few ad-hoc issues (Non-profit institutions, Sales by service products and Short-term indicators) not to be dealt with at each meeting.

The most recent work programme of the Group has raised the concern and perception among a number of participating national statistical institutes that the agenda has become too unfocused. The need to focus on core competencies of the Group and to strengthen the work

program has been articulated, combined with the necessity of focusing on identified goals and deliverables.

At the meeting in Ottawa 2004, the Group had a more thorough discussion of its work methods, program and objectives in order to discuss and meet the criticism raised. The conclusions of the brainstorming and discussions of the Group are presented below.

The primary objectives of the Group continuous to be the proper identification and definition of services industries, products and measures of turnover combined with a coordinated effort to produce producer price indices for use as deflators in order to improve the measurement of services components of real GDP. Consequently, the Group will focus its work on 1) classification issues, 2) output measures and 3) price indices.

To fully achieve this primary objective, three major functions must be performed: 1) developing new concepts, methods and best practices, 2) maintaining and improving the knowledge base, and 3) disseminating best practices and knowledge transfer. The first function is the Voorburg Group’s main role and has existed since the inception of the Group. The second one is needed, as methods and best practices evolve with time. The Voorburg Group has taken that role implicitly, as there were no other forums to deal with the issues. A similar situation arises for the third function, being of importance for countries embarking on new developmental work. The recent experience of developing price indices shows that the best way of learning about constructing service price indices is to observe, participate and exchange with more advanced countries.

**Table 1 – Scope and functions of the Voorburg Group**

	<b>Classification</b>	<b>Output measures</b>	<b>Price indices</b>
<b>Development</b>	CPC (work completed)	Model surveys (work completed)	Collected papers (in development)
<b>Maintenance</b>	UNSD Technical sub-group	Reviews of model survey	On-going review of best practices
<b>Dissemination/ Knowledge Transfer</b>	UNSD	UN technical paper Voorburg	Manual, workshops Voorburg

**Legend:**

<b>Work completed</b>
<b>Work almost completed</b>
<b>Work to be done</b>

In the past, model surveys have been developed for computer services (see Computer Service: A Model Survey of Computer Services (Statistical Papers, Series M, No. 81)), telecommunications, audio-visual services, marketing research and advertising services, and insurance services. More recently, model surveys have been developed for employment services (1997), education services (1998), demand for services (1999) and ICT usage by enterprises and households (2001-2002). The models are available in the corresponding papers on the web site of the Voorburg Group.

The decision was taken at the meeting in Madrid 2000 to develop a model for presenting international practices in different services activities concerning the measurement of PPI. Principal papers have been completed for the areas of accounting services (2001), telecommunication services (2001), legal services (2001), real estate (2001), advertising services (2002), road freight transport (2002), engineering services (2002), pre-packaged software (2003). The papers are available on the web site of the Voorburg Group.

In order to make its work available to the international statistical community and users of services statistics, the various outputs and papers from all the meetings of the Group are available at the Voorburg Group website hosted by Statistics Canada <http://www4.statcan.ca/english/voorburg/>. The Voorburg Group website has been improved by Statistics Canada to make the work of the Group in previous years more easily searchable and accessible.

It is proposed that for the next three years, the Voorburg Group develop its work plan according to the three major thrusts and functions identified in Table 1. The main functions of the Group would remain the development of new concepts, methods and best practices with emphasis towards the development of service price indices. Some developmental activities may also be undertaken in classification and output measurement, as required to complement the work on service price indices. Under the heading of maintenance, two major projects need to be done over the next three years:

- i) a review of the best practices established up until now for price indices in order to hand them to the UNSD; and
- ii) a review of the model survey to ensure that they still fit and ensure that they are still viable.

In order to attain its objectives, the Group must, in the short term, do an inventory of the work done in the recent past and establish clearly what remains to be done in terms of development of concepts, methods and best practices

Being attentive to the criticism raised, the Bureau of the Voorburg Group asks the UNSC to clarify the future role and responsibility of the Group:

1. Is the mandate of the Group still to establish internationally comparable methods for the proper measurement of the service sector of the economy in constant prices?
2. Is the function of the Group to develop concepts, methods and best practices in the areas of classification, output measures and price indices?
3. Is the function of the Group to maintain and adjust concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?
4. Is the function of the Group to transfer knowledge on concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?