

**SESSION 1: CENTRAL PRODUCT CLASSIFICATION (CPC)**

*Chair: Mr. Jacob Ryten (Statistics Canada)*

*Rapporteur: Mr. Mark Pollard (UK, ONS)*

The following papers were before the meeting:

*1.1 CPC Version 1 - Report of the Classification Sub-Group*

Jacob Ryten asked the group to address the issue of the document relating to the CPC which would be transmitted to the United Nations Statistical Division (UNSD) for the consideration of the United Nations Statistical Commission at their February 1997 meeting. Shaila Nijhowne was asked to report the work of the Classification Sub-Group and to present the main outstanding issues on which the Sub-Group needed the guidance of the Group.

It was explained that the Sub-Group had met twice since the last meeting of the Voorburg Group, and that their work on the CPC had mainly concentrated on revising the business services areas of the classification. In the course of their work the Sub-Group have been faced with the fact that in the areas of Wholesale and Retail Trade and Transportation there are two dimensions that need to be reflected in the classification namely the type of service offered together with the goods distributed or transported.

With respect to Engineering Services, they can be described in terms of the types of engineering services offered or projects. Finally published products can be classified by type of product or by the media through which they are disseminated. Presently, these products are grouped by medium in the Harmonised System (HS).

The Group agreed that in the case of both distribution and engineering services, the two dimensions needed to be presented in the classification as there was a demand for data aggregated in both directions.

Some members were of the opinion that the goods dimension was more stable and should be primary in Wholesale and Retail Trade. Others emphasised the importance of portraying the diversity of wholesale and retail trade services.

In Transportation, a product list has not yet been developed by the Sub-Group for the CPC. The covering note to the members had mentioned that the US and Canada were developing an HS based classification for use in their surveys. It was pointed out that a Nomenclature for Transport Statistics (NST) exists in Europe and that Australia has developed a Classification (not HS based) which could also be taken into consideration when a list was developed for the CPC.

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In the case of Engineering Services it was reported that Europe were developing a questionnaire to collect data about market segments or projects as well as information about the type of service provided and many members expressed the view that the project dimension was of primary importance.

With respect to Published Products, the view was expressed that the fact that the HS classifies published products by medium should not influence the decision of which way they should be classified in the CPC. However, it was also mentioned that it may not be possible in practice to identify similar categories of products across all media.

With respect to the two dimensions, the Chairman suggested that a consistent approach be adopted in all these cases.

The Group agreed that even though not all parts of the CPC and its structure had been reviewed and revised, significant improvements had been made in the services part of the classification and the goods part had been updated to reflect the 1996 changes in the HS. For these reasons, once this version had been finalised, it should be forwarded to UNSD with the recommendation that the entire classification be published. It was further agreed to recommend to UNSD that this version replace the Provisional CPC and be called CPC version 1.0 in recognition of the fact that it will need to be further revised. The completed classification would be forwarded to UNSD by the beginning of October.

Mary Chamie conveyed to the Group that the Director of UNSD, Herman Haberman had written to Jacob Ryten thanking the Voorburg Group and the classification Sub-Group, for its contribution to the development of the CPC and requesting it to include a review of the classification of goods.

Some members questioned the need for the Voorburg Group to take on responsibility for the goods part of the CPC. UNSD had explained that increasingly, it was difficult to think separately about goods and services, they were all products and that classification expertise resided with the Sub-Group.

It was agreed that members of the Sub-Group would confirm their participation in further work on the CPC and that a reply would be given to UNSD no later than Christmas 1996. This deadline would make it possible for the UN Statistical Commission to discuss future plans for the CPC at its forthcoming meeting in February 1997.

**SESSION 2: PRICES AND QUANTITIES**

**Chair:** *Mr. Bert Balk (Statistics Netherlands)*

**Discussant:** *Mr. Erwin Veil (OECD)*

**Rapporteur:** *Miss Sarah Williams (UK, ONS)*

The following papers were before the meeting:

- 2.1 *Experimental Producer Price Indexes for Services Industries - Real Estate Agents' Fees (Russell Rogers, ABS)*
- 2.2 *Producer Price Indexes for Business Services: An Overview of the French Experience (Daniel Olivier, INSEE)*
- 2.3 *Producer Price Indexes for Services: Experience of OECD Countries (Erwin Veil, OECD)*
- 2.4 *Development of an Index of Producer Prices for Services in the UK (Jonathan Price, ONS)*

Erwin Veil initiated the discussion by putting forward the following questions and issues for discussion:

- i) Most producer price indices for services relate to tangible standardised services, few indices are compiled for one-off services. Are there any plans to compile further indices for services characterised by one-off contracts ?
- ii) What are the criteria that underlie quality adjustments ?
- iii) Do Austria and Finland have any projects in this area ?
- iv) An analysis of the French and UK approaches, with a comparison of experiences from other offices, in particular, participants ideas on the problems posed by one-off services.

It was noted that measuring the price movements of one-off services required striking a balance between economic principles and the practical needs of measurement. In the UK legal industry, for example, there was considerable scepticism about the practicality of model pricing. On the other hand, hourly fee rates (i.e. the price per hour for services provided) yield a relatively accurate measure of the total hourly charges levied by lawyers, as there is little discounting. Such a measure would need to be supplemented by an indicator of productivity change. This might be obtained by a less frequent, smaller scale survey using re-estimation.

The work being undertaken by INSEE was described. The French compute producer price indices for four business services:

1. Security services
2. Temporary work services
3. Industrial cleaning
4. Accounting, auditing and bookkeeping

Measuring cleaning contracts presents the greatest difficulties. Where contracts change, it is difficult to distinguish between a service variation and a price variation. For temporary work services the French observe an average salary of temporary work by industrial sector and profession. It is not practical to monitor the actual salaries as contracts change frequently and salaries vary significantly.

The Australian Bureau of Statistics (ABS) has recently started to expand work into experimental producer price indices for services. There were remarkable similarities in the problems experienced by the ABS and the problems that have arisen in the UK and France. Russell Rogers stressed the importance of collaboration in this area. He was interested to learn how other offices determined the priority for industries to be covered and how to publish the data available.

Finland has carried out surveys on cleaning services and this year they intend to cover the laundry and waste disposal industry. In Finland, private institutions collect pricing information on real estate services.

Erwin Veil stressed the importance of an international comparison of methodology and suggested that OECD countries should be asked to re-submit papers to the OECD on the approaches they have adopted in this area of work with the aim of improving and standardising methods.

The following proposals were put forward:

- Create a library of descriptions of price quotes possibly using a site on the Internet.
- Classify price quotes to the CPC.
- Identify areas of the CPC for which price quotes are not available, and determine collectively (through the OECD), priorities for these sectors.

Nikolaus Wurm questioned the demand for price measures of intermediate services. Jonathan Price noted that there was a strong demand in the UK for such prices from the National Accounts for deflation purposes. In addition, the Treasury and Bank of England require this data for monitoring inflationary pressures in the economy. Other government departments are interested in productivity measures. Business customers are interested in service sector prices to help determine contract charges.

In France priority is given to covering the industries which have the greatest value added in

National Accounts. France is extending coverage into Law, Accounting, Engineering and Health Supplies.

In concluding the first part of Session 2, Bert Balk stated that further coordination was necessary. This would ensure an economy of effort, and promote a common approach where this was appropriate. The second part of the session then looked at some of the issues in more detail.

The central problem for the cleaning industry was contract change. For example, in France cleaning contracts for hypermarkets tend to last only for one year, contracts for government buildings tend to last for two years. The best way forward may be to monitor customer prices rather than supplier prices, but this faced the problem of the lack of a sampling frame.

The USA uses a model pricing approach for one-off services. They choose a base contract and ask contributors to re-price it in subsequent periods. This method yields results which are theoretically appropriate. Results are also reliable in practice.

As noted in contributions in previous years, Canada has experimented with model pricing. The current approach for consulting engineering however collects data on wage rates and margins. This replaces the difficulties Canada experienced with model pricing. Canada hopes eventually to supplement this information with data on productivity.

A discussion followed concerning the question raised in the French paper as to whether price indices for temporary employment should cover the costs of placement by the agency, or the full cost of employing temporary workers.

In conclusion, Erwin Veil agreed to transmit the request to the OECD with regards to the possibility of providing resources for coordinating and developing a library of international practices.

**SESSION 3: EMPLOYMENT - HOW DO WE ORGANISE OURSELVES?**

**Chair:** *Mrs. Heli Jeskanen Sundström (Statistics Finland)*

**Discussant:** *Mr. Peter Bøegh-Nielsen (Statistics Denmark)*

**Rapporteurs:** *Mr. Peter Bøegh-Nielsen (Statistics Denmark)*  
*Mrs. Lynne Rees (UK, ONS)*

The following papers were before the meeting:

- 3.1 *Elements to an enlarged Employment Module (Peter Bøegh-Nielsen, Statistics Denmark)*
- 3.2 *Statistical Information from Different Sources, Experiences with the Dutch Labour Accounts (Jan Walschots, Statistics Netherlands)*
- 3.3 *The Relations between Economic Performance of Business and Employment Structure - Statistics for Analytical Needs - A Study of Engineering Services and Computer Services (Berit Olsson & Henrik Romanov, Statistics Sweden; Malin Ernstsson, University of Linköping)*
- 3.4 *Changing forms of Employment in the Context of Business Surveys (Samuli Rikama, Statistics Finland)*
- 3.5 *Employment Structure and Mobility in Information Industries (Samuli Rikama & Lea Parjo, Statistics Finland)*

**Background**

Since the Voorburg Group meeting in 1992 the employment issue has been addressed by the Group. This year the issue has been dedicated two sessions and this first session is intended to deal with the more empirical aspects as data collection methods and data evaluation, including definitions of the variables and concepts used and lastly with some statistical results from specific analysis done of different service branches.

The reason for the focusing of the Group on the employment issue are amongst others the expressed needs of ministers and other political bodies of getting information on the employment - not only structural data on the total volume of labour, but also more detailed information on the qualifications of the employees in order to set up political instruments meeting the needs of the changing structure of the labour market. We see a rapid change in the forms of organisation of the work relations, ie. forms of contracting out, growing part-time employment or growing amount of temporary work. These phenomena put a pressure

on the need for definitions of these employment relations and indeed a harmonisation of the definitions and concepts used in the different countries in order to establish the possibilities of reliable comparisons.

### **Introduction of the contributed papers**

The contributed papers are quite different in their approach to measurement of employment but in their actual contents they have one major issue in common: *The use and possible integration of different data sources.*

This issue seems especially relevant for the employment aspects due to the difference in the reporting unit (enterprise/establishment) and the observation unit (the person employed). When we want to collect information about the attributes of the persons employed - as age, sex or education, we find that the information is not easily available in the administrations of the enterprises. We are then forced to find other sources for extracting employment information as

- labour force surveys
- household surveys
- administrative registers.

In this process of integration of different statistical sources we are faced with the basic problem that *different sources give different information.*

The Dutch paper deals amongst others with the linkages between the different variables by definitional equations and the paper also describes the methods of statistical integration developed in the systematic context of labour accounts.

The issue of statistical integration of different sources is approached differently in the contributed papers. But 3 types of integration can be identified in the papers:

- linked employer-employee data by surveying enterprises in a first stage and in the next surveying a sample of employees in the enterprises selected.
- integration of different administrative registers.
- integration of register data and survey data on specific items as training.

The Danish paper presents an enlargement of the employment module previously discussed at the Voorburg Group meetings. The proposed employment module which is meant as a data module for enterprise based surveys - the demand side of the labour market includes the following main core variables measuring the labour volume: No. of persons employed, of which: no. of employees, full/part time employment and permanent/temporary employment.

The additional part includes the qualifications of the persons employed which can be divided

into a set of variables measuring formal qualifications and a second set trying to measure the informal qualifications. The formal qualifications include age, sex, occupation and education.

The informal qualifications which obviously are more difficult to measure and the relevant indicators of informal qualifications might differ from branch to branch. At the moment the following are suggested for the module: seniority, training and post-education.

The papers lead to a number of items for discussion:

- integration of data sources (experiences, linkage methods)
- possibilities (legal/practical) of integrating administrative data
- definitions and concepts used - how to obtain comparability between different data sources and between different national statistics.
- discussion of a possible enlargement of the employment module.

## Discussion

The problems of integration of different statistical registers as described in the Dutch paper were recognised around the table. On the other hand the standing issue of taking the respondent burden of the enterprises into account clearly advocates the need for statistical integration of different data sources.

The question of assessing the reduction of the respondent burden of enterprises by using administrative data was raised. The Nordic statistical offices which for a very long period have based a substantial part of their statistical production on the utilization of administrative registers reported about major cuts in respondent burden by use of administrative registers and also subsequent savings in the cost of production of statistics. A number of other countries reported that the possibilities of using administrative data were restricted.

It was pointed out that the utilization of administrative data can be broken down into two types:

- "*single access*" to administrative sources which is possible not only in the Nordic countries but also to an increasing extent in countries as Canada, France, Australia, United States and New Zealand.
- "*double access*" to administrative sources which implies the possibility of linking enterprise data (eg. VAT data) with personal data (eg. information on education from administrative educational registers).

The problems of definitions and concepts used for the employment variables were highlighted by several participants. The fast changing forms of relations between employers and employees were discussed as illustrations of these problems. For example the growing self-employment which in some branches can be caused by contracting out of work. Persons working as freelancers are in a legal sense to be defined as self-employed, but if they only



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work for one customer under the same conditions as normally employed persons they might perceive themselves as being employed, and the enterprise might perceive this relation in the same way when filling out the statistical questionnaires. The participants concluded that a solution to this problem is to include a breakdown of the "*contract persons*" in the questionnaire.

The experiences mentioned from the different participants clearly showed the need for cross national comparisons of the definitions and concepts used. It was proposed to start work in this field in order to set up a framework for the international comparisons of employment data which was strongly requested by users as national government bodies and international organisations.

The approach chosen in the employment module was recognised by the participants and the Group find it useful for future work to discuss the experience gathered from a pilot survey on engineering services testing the employment module in a number of countries (Denmark, France, Germany, Portugal and Sweden) and in the Australian survey.

The Group felt that both national definitional consistency of different employment data items and their international comparability are extremely important for the understanding and interpretation of employment statistics.

## SESSION 4: EMPLOYMENT - WHAT DO WE KNOW ABOUT IT AND WHAT DO WE WANT TO ACHIEVE?

**Chair:** *Ms. Marilyn Manser (US, Bureau of Labor Statistics)*

**Discussant:** *Mr. Keith Perry (UK, ONS)*

**Rapporteurs:** *Ms. Marilyn Manser (US, Bureau of Labor Statistics)*  
*Mr. Geoffrey Hutchings (UK, ONS)*

The following papers were before the meeting:

- 4.1 *Employment Characteristics and Trends in Information Technology Services (George Sciadas & Deborah Sussman, Statistics Canada)*
- 4.2 *A Framework for Statistics on Employment in the Services Sector (Paul Johannis & Albert Meguerditchian, Statistics Canada)*
- 4.3 *Policy Issues and Agendas in Different Countries (Bill Wells, Department for Education & Employment)*
- 4.4 *Employment: What do we know and what do we want to achieve? (Marilyn E Manser, Bureau of Labor Statistics)*

### Introduction of the Contributed Papers

The purpose of this second session on employment was to address new issues and needs for employment statistics and to consider what we need to achieve in this area.

The discussant began with the US. paper because it is the most general. In looking for a way forward, key issues include the need to extend definitions to improve comparability when combining establishment and household data. Others are the balance between statistical series and one-off studies; distinguishing genuine sectoral shifts in our statistics (eg. the problem of outsourcing); data linkages; and, regarding human capital, international comparability and relevance to different age groups.

With respect to the paper on information technology, questions concerned the reliability of the estimates of the growth of employment in this sector given changes in nomenclature and in the spread of usage of the technologies. In addition, in terms of the consequences of information technology growth, do we have reliable measures of spending and benefits, and do existing labor productivity measures capture the impact? There are differences between what is measured in this paper and in the morning paper (Rikama and Parjo) but it was pointed out that this paper represents a first attempt and that they are not attempting to do the same thing.

In discussing the third paper, it was pointed out that it is natural to be interested in the number of jobs, but from an economic viewpoint hours are of considerable interest. Regarding the mismatch between supply and demand, data must be collected from establishments and persons. There are problems with both. A key issue concerning the framework for labor statistics given in this paper is that some data elements are cheap to collect some are not; some are easy to define, some are not. How can we assess their relative priorities and the allocation of funds?

The final paper posed the challenge to statisticians to re-examine the balance between data collection and the descriptions of what it is we are trying to measure. It was argued that structure and society are important features of the economy. The focus was on underemployment as being no longer appropriate; and harmonization and the need for consistent time series as often involving compromises.

### **Discussion**

It was noted that if we give up on harmonization then it is impossible to compare, which is important given increasing globalization. It was argued that our discussions should yield one of two results: after deliberating we think there is something that could usefully be compared; or the problem is so intractable that there cannot be a standard.

Both labor force surveys and business surveys should be of interest to this group for looking at employment. The need was seen to have production and social and labor force data put more together. It is also important to continue to look at the information society.

In the issue papers we are seeking to find out if we share concerns and if so can we deal with them. It was suggested that the nine policy proposals in the OECD jobs studies may be a place to start. The importance of developing a framework for labor statistics was reiterated.

Trying to combine the discussions from the two employment sessions, measurement of contracting out and temporary work, unpaid family work, capital costs for starting up new enterprises, and part-time work were important in each.

Although countries have disparities within their own data and the data become redundant if there is no comparability, that does not prevent each country from its task of data collection and dissemination. There is always a danger that data can be misinterpreted. The group recognised the immensity of the tasks ahead.

**SESSION 5: UK DAY**

**Chair:** *Mr. Keith Francombe (UK, ONS)*

**Discussants:** *Mr. Stephen Penneck (UK, DTI)*  
*Mr. Bill Cave (UK, DTI)*  
*Mr. Bob Dobbie (UK, Cabinet Office)*  
*Mr. Andrew Allen (UK, ONS)*

**Rapporteur:** *Mr. Ian Macrory (UK, ONS)*

The following papers were before the meeting:

- 5.1 *Business Statistics: Improving Competitive Performance in the UK (Stephen Penneck & Lesley Petrie, DTI)*
- 5.2 *The President's Task Force on Service Sector Statistics (Bill Cave, DTI)*
- 5.3 *Developments in the United Kingdom's International Trade in Service Statistics (Andrew Allen, ONS)*

Keith Francombe opened the discussion focusing on users of service statistics.

Bob Dobbie (Cabinet Office) spoke about his role as Head of Competitiveness Division which the Deputy Prime Minister ordered to be set up to assess the competitiveness of UK business and the performance of the UK economy in both manufacturing and services. One aim of the competitiveness work is to develop a best practice strategy based upon the experience of other countries to improve the UK's performance. He has had discussions with the OECD and other bodies to compare UK performance with other countries. He listed some factors which affect competitiveness and spoke of a study of education levels in the UK compared to those in France, the USA and Singapore. He then listed criteria for statistics saying they should be:

- Internationally comparable.
- Up to date.
- Capable of providing a time series analysis.
- Frequent data collection was not always necessary.

He noted that it has traditionally been easier to measure manufacturing than services. However, services are a growing proportion of all economies and that the UK has been slower than many to recognise this, hence the weakness in the UK in this area. He hopes that, as services form a large proportion of the UK's overall economic performance, service statistics as detailed as those published for manufacturing will be produced in the near future. However, he cautioned that gaps in our knowledge of the service sector are holding this back.

Stephen Penneck hoped to provide a link between Bob Dobbie and Bill Cave. He said that the duty of DTI statisticians was not to collect statistics but to analyse them and ensure that other departments such as the ONS collect relevant and accurate data. He defined four key areas of

interest to the DTI:

- International and national statistics for comparison purposes.
- Consistency checking, many of the data DTI receive are derived statistics from different sources and consequently definitions often differ.
- Classification difficulties, DTI often uses four digit SIC codes and international comparisons are always difficult, smaller firms are often not represented and data on new areas are not available, e.g. electronic publishing.
- Timely statistics, although annual inquiries provide great detail they are not timely enough and whilst short term surveys are timely they lack detail.

He went on to say that international trade in services currently enjoy a high political profile which should help to improve coverage. However, classification and geographical coverage are poor and will require time to improve.

Bill Cave outlined that he would describe the methodology and resultant conclusions of the work to improve services statistics. He explained that The President's Task Force was set up in May 1995 consisting of staff from Departments which sponsor the service sector.

He noted that in 1970 the service sector was around 50% of the UK's GDP and that this had grown to around 66% in 1995. There is debate as to the exact figure because of methodological differences in how areas such as rent and financial services are treated in the UK and overseas. International trade in services are very important to the UK because of our £6.1 billion surplus with overseas in this area with only the USA and France bettering this figure within the G7 countries.

The President of the UK Board of Trade ordered an audit of the service sector to gauge UK performance and asked the Task Force for recommendations on improving statistics. Again much of the analysis is undertaken at 4 digit SIC level and comparisons are made between the UK and overseas. The Task Force's aim is to make better use of data already collected, only collect new data if there is no alternative and in accordance with ONS compliance plans. Where possible new data collection should anticipate EU requirements.

The report was passed to Ministers and listed 50 recommendations, the main ones being:

1. Collect greater product and geographical detail and conform to IMF standards whilst finding a suitable comparison between the survey approach and the bank reporting method.
2. Strengthen the business service price's programme to provide a better system of deflation.
3. Fill the gaps in coverage on UK service statistics.
4. Improve the quality and quantity of short term indicators.
5. Basic productivity data should be developed, e.g. constant price/current price per head/hour analysis.
6. Improve product and industry classifications.

7. Better use of administrative sources and improvements to the Business Register.
8. In depth studies of key industries.

He closed by saying that the Task Force has reached implementation stage which includes a DTI/ONS action plan and the intention to strengthen relations with other government departments. It was commented that no mention was made of direct investment measures or plans for longitudinal surveys. Bill Cave replied that the ONS's direct investment survey had been examined and was considered one of the better service sector inquiries. Stephen Penneck added that because of survey holiday proposals longitudinal surveys were unlikely to be developed further.

A question was asked about the UK experience of attempting to get increased funding for surveys without increasing business burdens or departmental costs. Stephen Penneck replied that resources are very difficult to come by but that proposals are with Ministers to switch cash from production statistics. Also the ONS can transfer certain compliance costs to the DTI and the Department for National Heritage are supporting a feasibility study to estimate travel to and from more countries using the International Passenger Survey.

Other issues raised included how relevant to Voorburg are trade in services statistics and what can Voorburg achieve? It was felt that many of the problems and issues raised by the UK are common to many countries represented at the Voorburg group.

It was asked how the UK copes with assigning production to a country when companies are increasingly multinational. Bob Dobbie replied that this was not too great a problem as most companies are now reducing their chain of suppliers. He went on to add that he feels competitiveness between countries is about creating mutual benefits rather than one country overtaking another.

The OECD delegates said they would need to check for details on how different countries measure competitiveness and would like to see more use of product detail. However, problems then arise when trying to compare figures produced by bank reporting systems and those produced by survey systems. Efforts are also underway on creating a joint system for collecting service transaction details between affiliates.

It was asked if the U.K have a system for reporting problems to the international community. Stephen Penneck answered that the DTI is focusing on feedback to ONS who would raise such issues internationally. He added that previously the DTI had not done a good job when representing the UK on classification matters.

Jacob Ryten said that they were looking to produce a standard matrix for trade in services to identify and close gaps in coverage. He hoped competitiveness could be an agenda item for next years meeting.

Andrew Allen talked on overseas trade in other business services. The inquiry was started in 1990 on a quarterly basis and the following year an annual followed. The aim was to improve data quality by reducing Trade Association data and sampling from the Department's register. It was then decided to change the format of the inquiry to agree with IMF requirements. From Quarter

1/1996 a new product-based form, which collects 33 types of service, was introduced after studying surveys in Australia, Canada and New Zealand. The ONS has added music related services to the form as the UK has a strong presence in this area.

He described the difficulties posed by coverage when only 7500 forms are available to sample 1.8 million companies. The way forward he said was a mixture of sampling known sources such as computer services and the music industry and using filter questions on other ONS inquiries.

In the future it was hoped that the form would be completed electronically by respondents and E-mailed back to the ONS. This approach would have the dual advantage of reducing contributor burden and departmental running costs.

The Australian and Canadian delegates reported similar conditions to the UK; the Australians finding that filter questions have been very useful in improving coverage and the Canadians are focusing their attention on the manufacturing sector.

With a move towards monetary union that all intra-EC trade may have to be collected via the survey method rather than the bank reporting one.

Jacob Ryten said that the Voorburg Group had been the author of a model survey and used the initial template for a number of applications. He expressed his disappointment that model surveys had not been utilised further. He felt that an opportunity for progress had been lost. Marco Lancetti said that the model had been used to a limited extent and hoped that more would be made of it in the future.

In closing the session, Keith Francombe commented that he hoped that this subject would receive further attention on Friday.

**SESSION 6: BUSINESS ACCOUNTS FRAMEWORK**

**Chair:** *Mr. Patrice Roussel (France)*

**Discussants:** *Mr. Nikolaus Wurm (Eurostat)*  
*Mr. Albert Meguerditchian (Canada)*

**Rapporteurs:** *Mr. Nikolaus Wurm (Eurostat)*  
*Mrs. Linda Scott (UK, ONS)*

**Background**

After a presentation of the French General Business Accounting Plan in 1995 the topic was decided to be of utmost interest for business statistics because of:

- the harmonising effect of prescribed accounting method
- the easy collection and availability of statistical data stemming from accounts
- the potential use of financial data directly out of administrative sources without bothering businesses (especially when they are small which is predominant in services).

The session was organised in two parts. The first part concentrated on the harmonising effect of accounting frameworks, especially in looking at the EU situation (4th Directive on annual accounts), its statistical impact and the concrete situation in Germany and Finland. The second part concentrated on special aspects and use of financial information from administrative, mainly tax sources.

**First Part**, the following papers were before the meeting:

- 6.1 *Service Enterprises in the Framework of EC Accounting Directives (Nikolaus Wurm, EUROSTAT)*
- 6.2 *Non obligatory Business Accounts Frameworks : Situation and experiences in Germany (Lothar Hake, Statistisches Bundesamt)*
- 6.3 *Bank for the Accounts of Companies Harmonized (Ritva Wuoristo, Statistics Finland)*
- 6.4 *Service Statistics and the International Harmonization of Accounting Rules (Christian Roques, EUROSTAT)*

The papers gave a logical sequence in first looking after the 4th directive, its statistical use and the problems arising from various exception rules and thresholds for small businesses. A very



concrete situation in Germany was highlighted which is subject to the above directive showing the rather limited harmonising effect for small and non incorporated businesses. Despite failing legal background the economic pressure towards standardised accounts was underlined. The Finnish situation was then described with relatively less problematic areas. The input towards a EU wide accounting date base from Finland was a good example for the analytical use of accounts. Finally the bridge was built towards IACS valid outside Europe and the pressure underlined to go toward global harmonisation. The outstanding statistical interest of cost accounting systems where available was put in evidence.

### **First Part: Discussion**

Principles set out above were fully confirmed. The economic pressure towards international convergence of accounting standards was seen to be a big change for the international comparability of statistics too. Problems identified concerned the applicability to micro enterprises predominant in services sectors, the recognition of economic and fiscal realities moving slowly. The co-operation of statistics with people responsible for accounting rules on one side and with tax authorities on the other is not easy and may represent a potential threat. Respondent burden especially on small businesses do though require this co-operation. Limitations of the accounts as statistical source were seen where statistics need to go beyond the enterprise level (other statistical units) and where financial and economic accounts need to be brought together. The use to scan the model survey developed in former years against different accounting practices and especially the 4th directive was underlined.

**Second part,** the following papers were before the meeting:

- 6.5 *Use of Administrative Sources of Data: The Financial Statement Information Project (Jean Leduc & Albert Meguerditchian, Statistics Canada)*
- 6.6 *Subcontracting and Creating Models: Differences in Accounting Rules and impact on the Classification of Units (Maryvonne Lemaire, INSEE)*
- 6.7 *Development and Use of a Business Reporting Model in ABS (John Struik & John Billing, ABS)*

The Canadian paper outlined a large co-operation project with tax authorities where Statistics Canada would remain responsible for allocating activity codes but would through administrative sources and by electronic means get a comprehensive, for small firms somewhat reduced, set of financial information covering all industries and company forms. Biggest advantages are guaranteed availability, total coverage, timeliness and avoid statistical burden for business.

The ABS paper described a business reporting model for large enterprises comprising, but going well beyond, accounting type data. Special emphasis is given to these large companies and to

relations with them; they must be covered in order to get national totals right. ABS is also seeking good co-operation with tax authorities in order to reduce respondent burden. Large businesses divide into various divisions and they produce management accounts at this level which are of statistical use too.

An interesting aspect both affecting accounting and classification issues was raised by the French paper where new forms of business organisation between manufacturers and traders are looked at: dealer's brands, subcontracting, franchising, retailing chains held by manufacturers. Different situations would lead to classification as either trader or manufacturer or even services activity. International comparability is at stake by virtue of these results.

## **Second part: Discussion**

Valuable use of tax authorities files was largely underlined. Though some past experiences were communicated where the authorities had unilaterally changed the scope and characteristics raised leaving statistics with loss of information. Despite this omnipresent threat little alternatives were seen in a period where costly and large surveys or even censuses are difficult to organise. Main and rather little threatened issues are the provision of reliable sampling frames and the raising to the universe. Preserving the confidence of businesses into statistical authorities in never giving information back to tax authorities was considered a vital condition for statistics.

Classification difficulties in changing economic patterns were recognised and considered a topic to be followed. Differences were even seen in classification between the situation where subcontracting takes place on the national territory or abroad (import of goods).

A global conclusion was that probably the issues of accounting frameworks were worth following up in next meetings.

**SESSION 7: GLOSSARY**

*Chair: Mr. Russell Rogers (ABS)*

*Rapporteurs: Mr. Russell Rogers (ABS)  
Mr. Derek Baskerville (UK, ONS)*

**SESSION 7(a) - Demonstration of Voorburg Group CD-ROM**

The session opened with a demonstration by Marco Lancetti of EUROSTAT's infobase on the history and documentation of the Voorburg Group. The infobase consists of three parts, hypertext, a relational database and statistical analysis. In addition to providing the complete history of the Group's documentation it provides a powerful tool for searching on key words, authors or subjects. It was envisaged that the infobase could be made available on the WEB as well as on CD ROM.

In order to improve the information held on the database EUROSTAT asked for assistance from the Group particularly in respect of:

- The provision of a summary of detail, in a standard format, on each paper produced, covering items ranging from Author and Title of individual papers to key words and an Abstract of each paper.
- The provision of papers in machine readable format to replace the existing documents which were held only as images.

In discussion it was agreed that the Group should provide EUROSTAT with the summary information requested on each paper and also to provide them with machine readable copies of Voorburg papers where they were available. It was noted that electronic sets of papers for a number of the more recent meetings were likely to be available. Host countries were asked to send electronic versions to EUROSTAT wherever possible. The format preferred was Microsoft Word, but documents received in other formats would be accepted.

It was also proposed that from 1997 the host country should be responsible for updating the proposed CD ROM and should accept the cost as part of the overall cost of hosting the meetings. The host country would also provide a copy of the updated CD ROM to the UN.

The Chair complimented EUROSTAT on this initiative which, he said, deserved support from all countries.

**SESSION 7(b) - Glossary of Structural Business Statistics**

The paper and CD-ROM hypertext versions of EUROSTAT's Glossary were introduced. Following a demonstration of the multimedia hypertext version, its advantages over the hard copy were clear. The speed at which entries could be found, the ability to move quickly to translations in other languages and the ability to access the source of the definition were demonstrated. Other facilities included a search by words in the text and the ability to annotate the text.

The immediate intention was to develop French and German translations but it was intended that the *Glossary* would eventually be available in all official languages of the EU. The possibility of producing a version in other languages such as Russian was also being considered.

The status of the definitions in the *Glossary* depended upon the source which might mean that a particular definition was mandatory for EU Member States, where it had been agreed in a Regulation. In other cases it might be only a recommendation. A further step could be to expand the range of definitions available by adding data from glossaries, for which definitions might be different, for other Organisations or countries. Marco Lancetti asked for copies of any of these that might be available to be provided.

Another EUROSTAT glossary, the one for transport statistics had been produced in a different way. Christian Roques referred to the different goals of the two products and noted the lack of a separate methodological manual for transport meant that methodological comments had been included in the transport specific product.

Some of the definitions were felt to be incorrect. It was recognised that there was some room for improvement in a document of this size and EUROSTAT welcome written comments and advice on the preliminary version. It was also noted that the definitions might differ between sources. This was one reason why the *Glossary* needed to contain the source of the definition as a key item.

It was suggested that it might be useful to place the *Glossary* on the WEB and that this might be used as a means of getting suggestions and useful information. Marco Lancetti agreed to refer this idea to those responsible in the EC for WEB policy and agreed that the WEB would provide a convenient means of disseminating an up to date version of the *Glossary*. In discussion it was pointed out that there would be a need to indicate, in the source, which definitions might be only drafts rather than official requirements.

A question was raised about the principles which applied to decide on the hierarchy of sources where different sources gave different definitions. In reply Marco Lancetti suggested that this was not easy to provide but added that it would be possible to include in the *Glossary* definitions from more than one source while at the same time indicating which definition was important for various purposes.

In answer to a request for information about other glossaries, the Chair referred to the development of glossaries in Australia to provide information to users of the "data warehouse" that was being created to enable all data to be accessed from a single source. He noted that statistical publications often contained glossaries to provide explanations of terms to users of statistics and that "Concepts, Sources and Methods" publications from agencies were also useful sources of definitions.

Countries were impressed with the potential for an electronic glossary and it was agreed that progress on further development of the EUROSTAT *Glossary* should be reported in next year's meeting.

**SESSION 8: FUTURE PRESSURES**

**Chair:** *Mr. Russell Rogers (ABS)*

**Rapporteur:** *Mr. Russell Rogers (ABS)*  
*Mrs. Linda Scott (UK, ONS)*

The following papers were before the meeting:

- 8.1 *The Conditions of Small Enterprises - a New Type of Survey and a New Financing Model (Berit Olsson, Statistics Sweden)*
- 8.2 *New Business Organisations. A Challenge for Business Statistics (Patrice Roussel, INSEE)*
- 8.3 *Statistical Information Quality, New Technologies and Market Development in the Italian Service Sector: Problems and Perspectives (Roberto Gismondi, ISTAT)*
- 8.4 *The Strategies for Collecting Service Statistics in Japan (Keisuke Nyui, Statistics Bureau - Management & Coordination Agency)*
- 8.5 *NAICS, Services and the Budget - Conflicting Pressures (Carole A Ambler, Bureau of the Census)*
- 8.6 *ABS Strategy for Service Industries (Paul Sullivan, ABS)*
- 8.7 *Activity Vs Industry Data - A Response to User Needs (Paul Sullivan, ABS)*
- 8.8 *Statistics for the Information Society Perspectives for the Future (Marco Lancetti & Olaf Gärdin, EUROSTAT)*

The papers for this session were divided into 3 groups for discussion.

The first group consisted of 3 papers, each of which outlined important new issues facing the statistical agencies in the respective countries.

The first paper reported on a new survey conducted by Statistics Sweden which sought a range of new data items previously not collected and which was financed in a very new and innovative way. The collection was undertaken with part funding from a major government client with the remaining funding provided from Statistics Sweden's venture capital fund on the basis that further clients would be found to cover the full cost once results are available. The survey was conducted on a voluntary basis and covered small businesses and

entrepreneurs with less than 20 employees. The data content included issues of direct relevance to the businesses, for example, causes of and obstacles to growth, expectations and plans for the future, knowledge of and access to support services and subsidies. The survey was finalised in May 1996 and has received considerable positive publicity. Response rates were excellent for a voluntary survey (due in part to the fact that the businesses saw the data content as of interest and relevance to their activities) and it is likely that the full cost will be recovered from sales to regional authorities and other clients. There was considerable interest in this paper from among Voorburg attendees as the pressure for cost recovery has been evident in most countries and the Swedish approach was seen as a new, innovative initiative.

The second paper reported on the need for statistical agencies to consider and account for the changing organisational arrangements and business structures that are appearing in the business world especially in the service sector. Large businesses, particularly, have been rearranging their group structures such that the traditional "legal unit" may no longer be appropriate. Whilst not proffering solutions the paper highlighted the need for statistical agencies to consider how these changes would impact on statistical output. The possible need for statistical agencies to "profile" larger businesses to ensure appropriate collection units was also noted.

The third paper in this group was from ISTAT (Italy). This outlined a range of new issues and pressures for services statistics in Italy. The main pressures outlined were timeliness and quality, the modernisation of existing activities and the impact of technology in services industries and how the statistical agency might take advantage of these developments. There was not sufficient time to discuss this paper fully but countries were asked to take the room document to get a more complete view of ISTAT's response to these pressures.

The second group of papers all covered, in different ways, the development of overall strategies to provide statistics in the growing and changing services sector. The first paper outlined the strategies adopted by the statistical agency in response to a report from the Statistical Council of Japan in mid 1995. Mr Nyui presented proposals for a reorganised program for service statistics in Japan indicating significant changes to previous collections which are expected to provide a much more complete and relevant picture of sector. The approach will adopt a combination of a redeveloped survey of Services Industries, a broad sector-wide periodical survey and surveys of selected (important, new) industries on an annual basis. In response to a question of how the new program will be funded Mr Nyui noted that significant additional funding is restricted as much as possible through such means as a rearrangement of previous collections in the severe budgetary constraints.

The second paper on broad strategies outlined the range of pressures impacting on the US Bureau of the Census following decisions to adopt the new North American Industry Classification System (NAICS). The significant change in NAICS from the previous US SIC will require a totally new approach to collections about Services in the US. It was also noted that this new approach will need to be implemented at the same time as budget restraints have had an increasing impact on the agency. The paper indicates that some difficult choices will

need to be made but there are likely to be significant changes in the future services program. Options are being developed for consideration by users and planners so that the best possible "new program" can be developed for services industries for 1999.

The Australian paper: *ABS Strategy for Service Statistics* was not discussed but it also provided information about how a statistical agency has responded to the increasing and changing demand for more statistics about services. The paper outlines seven streams of statistical activity about the services sector where the ABS has proposed improvements.

The third group of papers included two papers about responses by statistical agencies to new demands for statistics about activities that do not easily fit in the traditional industry (SIC) framework. *Activity vs Industry Data - A Response to User Needs* (Australia) and *Statistics of the Information Society - Perspectives for the Future* (EUROSTAT). Although the papers were presented to the group there was no time for discussion. An agenda item covering these issues has been scheduled for the next Voorburg Meeting.



**SESSION 9: CLOSING SESSION**

*Chair: Mr. Jacob Ryten (Statistics Canada)*

*Rapporteur: Mr. Peter Luke (UK, ONS)*

Mr Ryten opened with the report on CPC for the UN. He said there were two issues: what is happening to the CPC on services and what is our response to the UN invitation to do something about CPC goods?

Mrs Nijhowne advised that all outstanding issues which needed to be resolved had been settled within the Group. These will be incorporated in a final version of the CPC for transmission to the UN. It was recommended that this be called "Version 1" as it will be revised at frequent intervals in the same way as the product classifications.

There was some discussion about the harmonised numbering system between the two dimensions of services and products. Also, there were questions raised about the difficult problems of dealing with the finance and banking sectors.

The Voorburg Group had been asked by the UN to extend its responsibilities to the whole of the CPC to include goods. There was some discussion on the merits and demerits of whether the Group should widen its activities beyond the topic of services for which it had been set up. The classification sub group will consult with their statistical offices but it is for the Voorburg Group to reply to the UN.

A draft one page note, outlining the Group's work on employment in the service sector, for transmission to the UN Statistical Commission, was circulated during the meeting (attached).

Looking to the future, Mr Ryten referred to a remark made by the Director of ONS, Dr Tim Holt, in his opening speech. This made the point that Groups, such as Voorburg, should be willing to disband once their goals had been achieved. Tim Holt had said however that the task facing the Group was still formidable and he was not in any way implying the demise of the Group. Members were of the opinion that the Group should continue its work. Mr Ryten announced that the next meeting would be in Copenhagen to be hosted by Statistics Denmark in the week commencing 15 September 1997. This proposal was welcomed.

The agenda for Copenhagen was discussed. After some discussion a provisional agenda was agreed with lead countries and their supporters. This is reproduced as appendix IV to this report.

Mr Ryten rounded off the closing session by thanking the host, Keith Francombe, and all the staff in Newport, who had organised an enjoyable week in South Wales and a successful meeting. He wished all participants a safe journey home and looked forward to the next meeting in Copenhagen.

## **Employment in services**

The Voorburg Group on Service Statistics has been concerned with the employment issue since its seventh meeting. While overall growth in overall economic activity has slowed significantly in the last two decades in most countries a substantial growth in the service sector's share of the total employment has taken place in the same period. Governments and policy-makers see increasingly the service sector as the job-creating sector of the economy and require statistical information on the total labour volume, the compositions of the labour force in the services sector and the development over time in these characteristics.

The 11th meeting of the Voorburg Group on Service Statistics in September 1996 in Newport, South Wales dedicated a one-day session to the employment issue and considered problems with and comparability between employment data obtained from different sources such as business and household surveys and administrative registers.

The session also dealt with empirical matters including data collection methods, data evaluation, including definitions of the variables and concepts used and discussed an enlarged employment module in the context of model surveys of the service sector. Rapid changes in forms of organisation of work relations, including contracting out, growing part-time employment and growing amount of temporary work put a pressure on statistical offices for new definitions and for harmonisation of concepts used in the different countries in order to make reliable international comparisons.

The Group also addressed the "good job-bad job" polarization in the creation of new jobs in the service sector, an issue of great political importance in many of the participating countries.

The proposed employment module incorporates variables measuring not only the volume of the employment in the service sector but also the formal and informal qualifications of the persons employed.

The Group decided on the following for future work:

- contributing concepts and definitions for data on employment in the service sector suitable to improve national and international comparability.
- enlargement of the employment module as part of model surveys.

The Group will devote a one-day session dealing with employment issues at its next meeting in Copenhagen, Denmark in 1997.

If successful, the results of the Group's discussion of a revised, employed module will be added to the model surveys and placed at the disposal of the international statistical community for broader review.