Progress report for Statistics New Zealand on PPI for services

The main achievements of the country or organization for the recent period 2003-2004:

Over the last year (June 2003 to June 2004) Statistics New Zealand started with a full redevelopment of the commodity indexes (goods and services) within the PPI. This redevelopment will focus on:

1. Reviewing the commodity indexes we currently produce to ensure that all the commodity indexes are representative of all commodities in the industry they belong;
2. Choosing new items to price within the commodity indexes and reviewing all the pricing methodologies for these items;
3. Reselect a sample of respondents from whom the new items will be priced;
4. Reweighting of the items to price as well as the commodity indexes within industries.

The following industries are currently being reviewed and will be finished in 2004/2005:

1. Electricity, gas and water
2. Transport and storage
3. Construction
4. Meat, dairy, tobacco, beverage and malt, other food manufacturing
5. Wood product manufacturing
6. Forestry and logging
7. Communication services
8. Sheet and fabricated metal products, transport equipment, machinery and equipment manufacturing

The main issues and challenges facing the country or organization:

The challenges for Statistics New Zealand are:

1. To introduce a new commodity structure based on a new commodity classification for the service indexes. Statistics New Zealand is planning to move to another product classification (Australian and New Zealand Product Classification 2001). At the same time the organization is also planning to create sufficient commodity indexes to fit into a new industry classification (Australian and New Zealand Standard Industrial Classification of 2006) to be implemented in 2008/2009.

2. Choosing the appropriate methodologies to price the various commodities according to best practice (models or charge-out rates, list prices).

3. The issue identified last year pertaining to quality adjustment in the PPIs is still an issue faced this year.

Future topics which are of interest to the Voorburg Group for inclusion in the next program covering years 2005-2007:

The redevelopment project will cover a full review and redevelopment of the commodity indexes (methodologies, item and respondent sample reselection and reweighting on all levels) for the following industries over the next three years:

1. Scientific, research and technical services
2. Computer services
3. Legal and accounting services
4. Marketing and business management services
5. Wholesale trade
6. Retail trade
7. Personal and other services
8. Finance and insurance services
9. Property services
10. Education services
11. Health and community services
12. Cultural and recreational services
13. All other manufacturing industries.

Classification of service activities and products

Review of the Australian and New Zealand Standard Industrial Classification (ANZSIC)

New Zealand and Australia worked since 2000 on a revised ANZSIC96 (Australian and New Zealand Standard Industrial Classification) to be released as ANZSIC 2006. This work has been completed in June 2004 and the final acceptance paper submitted to the ANZSIC Project Board.

One of the objectives of the ANZSIC06 development process was to improve comparability with major international classifications, including ISIC rev.4 and NAICS 2002. This has been achieved to a high degree while there remain some areas where the ANZSIC06 treatment of activities will diverge from ISIC and/or NAICS 2002[1]. Statistics New Zealand and the Australian Bureau of Statistics have been actively involved in the process of providing input into and influencing the direction of the ISIC Rev 4.

Future work:

Future work will focus on finalising any minor changes suggested by the ANZSIC Project Board, development of support tools, publication tasks and planning for implementation. The manual will include discussion of the conceptual basis, guidance on the treatment of particular activities and detailed descriptions of ANZSIC classes with examples of their corresponding activities. The support tools include concordances between previous versions of ANZSIC, international classifications and other related classifications such as the Australian and New Zealand Standard Product Classification (ANZSPC01). Comprehensive implementation plans are being developed that include timing, costing and redevelopment work to ensure the successful implementation of ANZSIC06.

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[1] See full paper on Voorburg 2004 website for a discussion of these divergences.

Non-profit institutions

Statistics New Zealand obtained funding over the last year to produce a satellite account for non profit institutions by 2007. The organization will be doing the work in consultation with another government department (Ministry of Social Development). The project is currently being scoped in association with the user community. The main issues that were identified are conceptual boundaries and cultural differences.

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

Statistics New Zealand started with a project in 2002 to collect data for goods and services (commodities) produced and purchased by industries on a rolling basis over a period of 6 years. The first commodity proportions for the pulp and paper industry will be delivered on 10 September 2004. Work is currently underway to collect commodity data for the residential construction industry which is due to be finished by 24 December 2004. In August 2004 the decision was made to merge the commodity data collection (CDC) project with the Business Price Indexes (BPI) project. The reason for this decision was to gain efficiencies by combining the requirements of the two projects into one and to collect the information during the same visit to the respondent. The output of the CDC project is used for weighting purposes by the BPI project and essentially the same industries and commodities are investigated at the same time. The collection of the commodity proportions will now be done simultaneously with the BPI redevelopment.

Short term indicators

The main achievements of the country for the recent period: 2003-2004

Redesign Wholesale Trade Survey
The wholesale trade survey was redesigned in September 2002 and the results were published on released on 27 February 2003. See hyperlink for full information:
http://www.stats.govt.nz/domino/external/pasfull/pasfull.nsf/web/Hot+Off+The+Press+Wholesale+Trade+Survey+-+Redesign+September+2002?open

Redesign Retail Trade Survey
The retail trade survey was redesigned in 2003 and the results were published in October 2003. See hyperlink for full information:
http://www.stats.govt.nz/domino/external/pasfull/pasfull.nsf/7cf46ae26dcb6800cc256a62000a2248/4c2567ef00247c6acc256e2000751fe3?OpenDocument

The main issues and challenges facing the country or organization

EFTPOS based indicator series – best way to construct a series from the use of EFTPOS data.
ANZSIC06 implementation – this is also discussed in the PPI part above.
Extension to sub annuals - transport, non-building construction

Increased use of GST data for service industries instead of postal surveys.

Future topics which are of interest to the Voorburg Group (on Service statistics) for inclusion in the next program covering years 2005-2007.

The use of administrative data in short term indicators and how best the use of administrative data can be increased.

Information Society Statistics

Achievements:
There are two areas of focus for ICT in Statistics New Zealand.
1. Business as usual
The current ICT stats collected consist of the annual IT Survey that is published in April. This survey is a census of ICT industries and measures the value of the supply of ICT goods and services. The 2002/03 results were published in April 2004 and the 04/05 is in collection at the moment to be published in 2005. No changes are expected to be made to this survey.

2. ICT Stats Programme Redevelopment
The programme is split into 7 areas:
1. ICT Supply - Annual. Re-design of the IT Survey to capture the magnitude of the NZ ICT industries in New Zealand. First results to be published in April 2006.

2. ISP Supply - Twice annual. New survey to measure the size of the supply of Internet service provision in New Zealand. Looks at subscriptions by type and speed. First results May 2005.

3. ICT Household Survey. Bi-annual. New survey to measure the use of ICT by New Zealand households and individuals. In feasibility at this stage to evaluate the mode of collection.

4. ICT Business Use. Bi-annual. New survey to measure the use of ICT by New Zealand businesses. To be collected as a module of the Business Performance Omnibus survey. First results 2007.

5. ICT Govt Use. Annual. New survey to measure the use of ICT by New Zealand government organisations. First results 2007.

6. State of ICT in New Zealand. Annual publication. Publication of all ICT data collected during year. First publication Dec 2004.

7. ICT Satellite account. Creation on national satellite account to measure overall use and supply of ICT in New Zealand. First publication 2007.

Issues and Challenges

Classifications: Changes to the classifications of goods and services has meant adoption of some OECD recommendations, but not approved models. WPIIS decisions have been helpful though. Other issues have included outdated classifications due to the ever increasing amount of change in the commodities produced.

Digital content and strategy: The penetration of ICT across the many industries is blurring the line of what are considered ICT industries. Digital content is one area that is of increasing value, but not traditionally measured. The Ministry of Economic Development has released a Digital Strategy which may mean changes to the work required for ICT stats.

Future topics
The blurring of the line between goods and services means that the classifications of some commodities cannot be broken down for this industry. For example, when a telecommunication company sells a broadband starter kit (that consists of hardware and connection), the split of the value of traditional goods and services is difficult to make. We could benefit from the findings of the Voorburg group regarding this crossing of goods and services.