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VOLUME MEASURES OF RAILWAY TRANSPORTATION

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Introduction

There are many service activities where it is very difficult to find appropriate measures for volume output. Transportation and particularly freight transportation, is not one of them. Measurement based on quantities (number of tons or ton-kilometers) transported is a widely accepted method.

This does not mean that the alternative, the basing of the measurement on deflation of output at current prices, should be rejected. The choice in favour of quantity indicators is purely practical. Satisfactory data of transportation tariffs are rarely available and even when available it is not simple to apply them for compiling reliable price indices for the changing field. The transportation output consists of unique services - types of goods differ as well as quantities transported and distances the goods are carried.

This paper deals with the measurement of volume output of freight transportation by rail on the basis of the Finnish data of 1980-1989. The question raised is whether the number of ton-kilometers (or ton-miles) really is the best indicator for the volume output. After that, it is briefly dealt with the importance of the classification of transportation services for the measurement of the volume output.

Number of ton-kilometers as a volume indicator?

Transportation service can in principle be separated into two parts. The first part consists of the loading and unloading of goods, and the second part the carriage of goods from one place to an other. An appropriate measure for the loading and unloading is the number of tons, and for the carriage the number of ton-kilometers.

When using the number of ton-kilometers as an indicator for the volume output, it is implicitely assumed that the quantity of goods and the distance carried have equal importance. But maybe the number of tons carried should have more weight in the calculation.

The problem can be highlighted with an example. Let's assume that 1 ton of goods is carried a distance of 200 kilometers, and in another case 1 ton of goods is carried twice 100 kilometers. The volume in ton-kilometers is the same in these two cases.

However, it is easy to accept that the "real" volume output in the latter case is higher. Probably also the transportation costs are higher resulting higher output at current prices.

The higher volume should also be reflected in the volume output. If it does not, as in case ton-kilometers are used as a volume indicator, the implicite price index change even if the transportation tariffs are unchanged.

The question of the importance of the average length of haul for the volume output is treated below. The analysis is based on Finnish freight data from the year 1989. The material used in the tests consists wagonload freights only - transportation of express parcels has been taken into account when summarizing numerical results.

The data consist of 240 categories of goods. (See annex tables 1 and 2 where the classification has been presented in an aggregated form consisting 55 categories.). For each category, data of number of tons and ton-kilometers were available as well as the corresponding freight receipts. The average length of haul for each category is calculated by dividing the number of ton-kilometers by the number of tons.

Dependency of freight receipts on the number of tons carried and on the number of ton-kilometers

For getting a general view, a regression model was first applied for examining the dependency of freight receipts on the number of tons on one hand, and on the number of ton-kilometers on the other hand. The coefficients of determination were calculated for all data and separately for 8 main categories:

Categories	Number of subcategories
Vegetable and animal products Minerals Wood and wood products Paper industry products Metal industry products Machines and equipment Chemical industry products Other products	33 46 23 13 31 23 50 21
TOTAL	240

In addition, the tests were repeated by dividing each main category (and total) into two groups with equal

number of categories, on the basis of the number of tons carried.

The results gave a small surprise. As expected, the R-squares were high, and for ton-kilometers higher than the corresponding R-squares for tons but at aggregated level only. When each of the 8 categories were divided into two subgroups and the tests repeated, the adjusted R-squares produced by the model, were for tons as often higher as vice versa. The results clearly indicated that the average length of haul has not too much importance for the freight receipts.

Dependency of freigt receipts on the number of tons and the average length of haul

For looking more closely the importance of the length of haul, the tests were continued by applying multiple regression model for examining the dependency of freight receipts on the number of tons and on the average length of haul. The model was applied without constant. (In fact, the R-squares were lower in the model with constant.).

The model was again applied for all data and for each of the 8 x 2 subcategories. In each test the column of tons was linearly adjusted in such a way that the average of tons equalled the average of kilometers. Thus the regression model produced directly comparable weights for the number of tons and the average length of haul.

The main results were as follows:

1. Model fitting results	for: FREIGHT REC	BIPTS, all categories
Independent variable	regr.coeff.	std. error t-value
Number of tons Average length of haul	17.938625 4.600565	0.375509 47.7715 1.024137 4.4921
R-SQ.(ADJ.) = 0.9134		

240 observations fitted.

2. Model fitting results for: FREIGHT RECEIPTS, categories with large number of tons carried

Independent variable	reggr.coeff.	std. error	t-value
Number of tons . Average length of haul	36.545557	1.092426	33.4536
	10.943727	2.165554	5.0535

R-SQ.(ADJ.) = 0.9225

120 observations fitted.

3. Model fitting results for: FREIGHT RECEIPTS, categories with a small number of tons carried

Independent variable	regr.coeff.	std. error	t-value
Number of tons	0.493865	0.041627	11.8641
Average length of haul	0.136246	0.055347	2.4617

R-SQ.(ADJ.) = 0.6813

120 observations fitted.

The percentage ratio of the regression coefficient between the number of tons and the average length of haul are in these three cases 80/20, 77/23 and 78/22.

When carrying out the test for each 8 x 2 subcategories, the ratio of the regression coefficient of the average length of haul was in most cases very low as well as the corresponding t-value. Such a category was e.g. the transportation of chemical products where the importance of the length of haul seems to have especially little importance. In some categories like the transportation of wood and wood products and the transportation of minerals, the t-value was relatively high (above 2) but also in these cases the regression coefficient of the average length of haul was much lower than the coefficient of the tons.

Weights of the number of tons and ton-kilometers

Considering the data normally available for the national accounting, a practical method to calculate the volume output for freight transport by rail, could base on the compiling the volume index by weighting together the index series of tons and ton-kilometers. For this possibility, the same multiple regression model, as applied above, was used for solving the weights. The freight receipts was the dependent variable in the model

and the tons and ton-kilometers (adjusted on the level of tons) the independent variables.

The main results were as follows:

1. Model fitting results for: FREIGHT RECEIPTS, all categories

Independent variable regr.coeff. std. error t-value

Number of tons 17.517507 1.679303 10.4314

Number of ton-kilometers 27.953503 1.846477 15.1388

R-SQ. (ADJ.) = 0.9521

240 observations fitted.

2. Model fitting results for: FREIGHT RECEIPTS, categories with a large number of tons carried

Independent variable regr.coeff. std. error t-value

Number of tons 17.519559 2.383051 7.3517

Number of ton-kilometers 27.897169 2.615374 10.6666

R-SQ. (ADJ.) = 0.9520

120 observations fitted.

3. Model fitting results for: PREIGHT RECEIPTS, categories with a small number of tons carried

Independent variable	regr.coeff.		t-value		
Number of tons	70.179363	13.577078	5.1690		
Number of ton-kilometers	36.464981	12.419254	2.9362		

R-SQ. (ADJ.) = 0.6878

120 observations fitted.

The percentage ratio of the regression coefficient between the number of tons and the number of ton-kilometers is 39/61 for all categories and for categories with large number of tons carried (tables 1 and 2). Categories with small number of tons, the ratio is 66/34.

When carried out the tests by main categories, the

general tendency of results were the same as above. The regression coefficient was mostly higher in categories with large number of tons carried, and in categories with small number of tons the number of tons was more important.

Conclusions

In the draft international quidelines on volume measures for services, it is proposed to use the number of ton-kilometers as an single indicator for volume output of freight transportation by train. If only data of number of tons carried are available, it is proposed to use them but to make an estimated adjustment for taking into account annual changes in distances carried.

The tests above do not base on homogeneous categories of goods, and thus any final conclusions can not be made. However, the results gave strong evidence that it is not satisfactory to use only the number of ton-kilometers for calculating volume output for freight by rail. If the average length of haul is changing, more correct results can be gained by weighting together the series of tons and ton-kilometers.

Classification of transport services

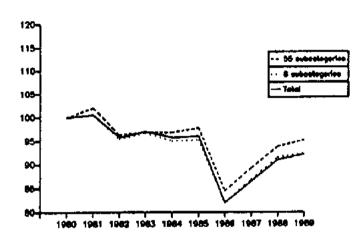
An interesting question is what is the influence of the classification of goods transported on the results. This was tested by producing volume indicators of wagonload transportation (1) at the total level, (2) by the same 8 main categories as used above, and (3) by 55 subcategories (see the annex tables 1 and 2). The weights of the series based on freight receipts of 1989.

The results are presented below in graphics where the main alternatives for the volume output appear in quadrants I and IV. In the I quadrant the volume output is based on the number of ton-kilometers, and in the IV quadrant on the weighted average of the number of tons and ton-kilometers (the test results of all categories, 40/60, are here applied for each category).

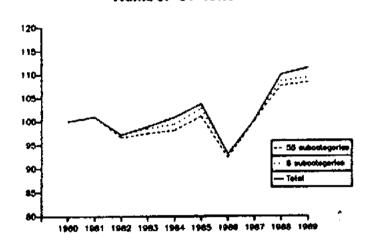
It is not possible to make any strong generalizations on the basis of these tests, but it seems that there is no need to calculate the volume output by very detailed classification. The results in quadrant IV are even almost identical - differences between the aggregation levels in the ton series are cancelled out by the differences within the ton-kilometer series.

Volume indicators of freight transport by different aggregation levels. The weights base on freight receipts, 1989.

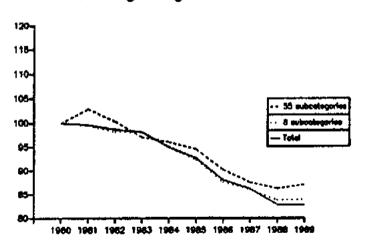




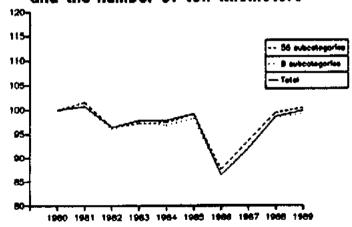
Number of tons



Average lenght of haul



Weightened avarage of the number of tons and the number of ton-kliometers



Summary of the numerical results

The following table summarizes the numerical results. The output includes also the transportation of express parcels, the importance of which has increased very fast:

VOLUME INDICES OF FREIGHT TRANSPORTATION BY RAIL. THE WEIGHTS BASE ON FREIGHT RECEIPTS, 1985.

*										1988 1989
Full wagonloads:	tonkm	100.0	100.6	95.6	97.1	95.5	95.5	82.3	88.1	93.D 94.4
	ton+tonkm	100.0	100.8	96.2	97.6	97.1	98.2	86.3	92.B	99.1 100.5
Express parcels:										
	tan+tonkm	100.0	106.1	102.2	95.9	94.0	131.1	155.1	205.8	231.3 265.7
TOTAL:										
	tan+tankm	100.0	101.4	97.1	97.5	96.7	103.0	96.3	109.3	118.4 124.5
ANNUAL CHANGES.	x 									
Full wagonloads:	tonkm	0.6 -	5.0	1.5 -1	.7 0	.0 -13	.8 7.	1 B.I	5 1.5	6
	ton+tonkm									
Express parcels:										
	ton+tonkm	5.1 -	2.8 -	5.2 -3	.0 39	.6 18	.3 32.	7 12.4	14.9	11.5
TOTAL:	tonkm									
	ton+tonkm	1.4 -	4.3	0.4 -	.9 6	.6 -6	.5 13.	4 8.3	5.2	2.5

The annual growth rate of the indicator based on the weighted average of the ton serie and the ton-kilometer serie (weights 40/60) is in average 0.6 per cent higher than the indicator based on ton-kilometers only. The range of the differences between the annual growth rates is less than 2 per cent.

WAGONLOAD TRANSPORTATION BY RAIL. TONKS										
	1080		1085	(0 B 2		400-		6		
	1300	1901	1902	1903	1904	3905	1986 	1987	1988	1989
1. VEGETABLE AND ANIMAL PRODUCTS	187 39	241 48	232 74	175	161	145	122	118	131	124
Grain products	37	17	13	29 8	36 10	37	23 2	29 4	39 3	54 3
Root plants and vegetables	30	23	23	32	30	22	3	2	1	õ
Dairy products	- 12	12	9	12	13	14	12	12	9	5
Meat and fish: refined and non-refined.,	9	10	8	. 4	4	5	1	0	0	0
Berries, fruit, vegetable fat and oil Beverages, other food substance & stimulents	7 25	13 45	11 19	11 16	. 5	4 8	2 6	2	1	.1
Cattle feed	54	72	74	61	15 47	45	70	9 58	13 63	11 50
Other wegetable and animal products	2	1	1	3	1	3	ž	2	2	, D
2. MINERALS	2214		2021		6 (
Unprepared stones	28	2713	10	2029 11	10	2130	1851 26	38	1771 39	1640
Tale etc	103	100	110	95	98	84	59	74	76	77
Liquid fuels	394	346	329	281	273	302	280	255	313	361
Coal and coke	343	320	273	300	282	304	252	185	188	128
Ore and ore concentrations	963	923	904	897	960	936	734	734	736	565
Pest	101 28	103 28	98 21	105 13	109	128 6	97 4	80 5	66	19
Cement	127	133	123	117	86	67	52	49	62	2 61
Asbestos, planter, cament & synth.stone works	31	36	24	21	14	15	14	33	26	17
Clay and graphite works	25	53	18	16	11	15	17	9	7	7
Glass and glassware	14	- 9	11	10	6	4	4	10	. 9	6
Other minerals	57	167	153	163	188	271	312	182	245	355
3. WOOD AND WOOD PRODUCTS	2004	2073	1989	2072	1990	1945	1487	1611	1797	2043
Logs and pillars	261	254	225	455	281	194	168	193	216	204
Piled wood	734	892	810	712	816	890	617	687		1145
Chip	538 333	470 337	459 375	454 348	464 316	477 273	366 233	412 223	401	360
Board products	118	102	87	79	72	69	66	74	221 75	249 76
Joiner works and other wood products	20	18	33	24	41	42	37	22	11	9
4. PAPER INDUSTRY PRODUCTS	1341	1 220	1319	1281	1464	1300	1100			
Callulose and mechanical wood pulp	376	409	340	355	378	372	1177 291	359	350	1449 329
Mewsprint and printing paper	276	239	226	253	299	306	121	94	69	59
Kreft paper	71	59	55	44	á3	42	31	34	37	52
Cardboard and paperboard	254	276	265	269	294	297	292	332	343	344
Pulp, board and paper products	79	70	56	65	63	56	11	14	9	9
other paper anducty produces	285	286	275	298	327	282	431	554	619	656
5. METAL INDUSTRY PRODUCTS	1218	1179	1216	1194	1129	1192	1001	1100	1037	1026
Iron and steel	52	57	51	52	48	40	160	191	162	163
Iron and steel substance	31 922	27 869	30	27	24	32	18	29	27	12
Iron and steel scrap	140	138	882 169	879 161	848 145	898 151	615 135	675 125	659 125	638 148
Wire and plate works	16	14	10	14	18	13	2	123	127	2
Other from and setal works	57	74	74	61	46	58	71	77	62	63
6. MACHINES AND EQUIPMENT	76	79	73	67	65	77	82	106	440	100
Agricultural and dairy appliances	13			11	11	11	11	7	113	120 14
Industrial and working machines	28			22	21	27	21	21	22	19
Electrical machines and appliances	5	7		6	5	6		6	6	6
Transportation facilities	28 2	29 1	26 2	26 2	26	30	32	55	59	57
Don't manage and odarpasisticities	-	•	*	2	2	3	14	17	20	24
7. CHEMICAL INDUSTRY PRODUCTS	981	930		923	826	787	761	856	903	891
Slements and acids	53	52	_	60	53	62	80	126	131	139
Malogen compounds and hydroxides	199 17	180 21	138 11	170	171	131	123	-	203	171
Salts	Āí	40	31	26	5 24	5 23	8 15	7 21	26	58 23
Alcohols, phenols and ethers	18	31	18	19	26	27	67	82	89	76
Pertilizers	368	267	307	322		195	179	160	168	130
Tanning materials, albumine and glues	5	7		4	6	8	3	4	3	2
Dyestuff	26 1 5 5	36 178	30	32	167	57	45	25	25	29
Other chemical industry products	155 99	174 122		165 115	167 98	164 115	137 104	155 84	182	217 46
	"			7	70	**7	104	04	72	40
S. OTHER PRODUCTS	147	160	168	182	201	210	211	226	251	231

TOTAL..... 8168 8214 7827 7926 7822 7849 6692 7058 7430 7524

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Grain	187	241 48	232	175	161	145	122	118	131	124
Grain products	39 9	17	74 13	29 8	36 10	37 7	23 2	29 4	39 3	54 3
Root plants and vegetables	зó	23	23	32	30	22	3	2	í	ő
Dairy products	12	12	9	12	13	14	12	12	9	5
Meat and fish: refined and non-refined Berries, fruit, vegetable fat and oll	9 7	10 13		11	5	5	1 2	5	٥	0
Beverages, other food substance & stimulants	25	45	19	16	15	8	6	9	1 13	1 11
Cattle feed	54	72	74	61	47	45	70	5Š	63	50
Other vegetable and animal products	2	1	1	2	1	3	3	2	3	0
2. MINERALS	2214	2213	2074	2029	2046	2138	1851	1654	1771	1640
Unprepared stones	28	25	10	11	10	6	26	38	39	42
Liquid fuels	103 394	100 346	110 329	95 2 8 1	98 273	84 302	59 280	74 255	76 313	77 361
Coal and coke	343	320	273	300	282	304	252	185	188	128
Ore and ore concentrations	963	923	904	897	960	936	734	734	736	565
Lime	101 28	103 28	98 21	105 13	109	128	97	80	66	19
Cement	127	133	123	117	9 8 6	67	52	5 49	4 62	2 61
Asbestos, plaster, cement & synth.stone works	31	36	24	21	14	15	14	33	26	17
Clay and graphite works	25	23	18	16	11	15	17	9	7	?
Other minerals	14 57	9 167	11 153	10 163	6 188	271	312	10 182	9 245	6 355
		•		_		• / •	312	102	275	322
3. WOOD AND WOOD PRODUCTS	2004 261	2073 254	1989	- :	1990			1611		2043
Piled wood	734	892	810	455 712	281 816	194 890	168 617	193 687	216	204 1145
Sawn timber	538	470	459	454	464	477	366	412	401	360
Chip	333	337	375	348	316	273	233	223	221	249
Board products	118 20	102 18	87	79	72	69	66	74	75	76
•	_		33	24	41	42	37	53	11	9
A. PAPER INDUSTRY PRODUCTS			1217							-
Cellulose and mechanical wood pulp	376 276	409 239	340 226	355 253	378 299	372 306	291	359	350	329
Kraft paper	71	59	55	44	43	42	121 31	94 34	69 37	59 52
Cardboard and paperboard	254	276	265	269	294	297	292	332	343	344
Pulp, board and paper products	79	70 286	56	65	63	56	11	14	, 9	9
	285	200	275	298	327	282	431	554	619	656
5. METAL INDUSTRY PRODUCTS	1218		1216					1100	1037	1026
Iron and steel	52 31	57 27	51	52	48	40	160	191	162	163
Iron and steel substance	922	869	30 882	27 879	24 848	32 898	18 615	29 675	27 659	12 638
Iron and steel scrap	140	138	169	161	145	151	135	125	125	148
Wire and plate works	16	14	10	14	18	13	2	3	2	2
Other iron and metal works	57	74	74	61	46	58	71	77	62	63
6. MACHINES AND EQUIPMENT	76	79	73	67	65	77	82	106	113	120
Agricultural and dairy appliances	13 28	13 29	11 28	11 22	11	31	11	7	6	14
Electrical machines and appliances	5	7	- 6	- 6	21 5	27 6	21 4	21 6	22 6	19 6
Transportation facilities	28	29	26	26	26	30	32	55	59	57
Other machines and equipment	2	1	2	2	5	3	14	17	20	24
7. CHEMICAL INDUSTRY PRODUCTS	981	930	858	923	826	787	761	856	903	891
Gases, carbides and metal oxides	53	52	62	60	53	62	80	126	131	139
Belogen compounds and hydroxides	199 17	180 21	138	170	171	131 5	123	192	203 4	171
Salts	41	40	31	26	24	23	15	7 21	26	58 23
Alcohols, phenols and ethers	18	31	18	19	26	27	67	85	89	76
Tanning materials, albumins and glues	368 5	267 7	307 4	322	23 4 6	195	179	160	168	130
Dycatuff	26	36	30	32	42	8 57	3 45	4 25	3 25	2 29
Plastics, caoutehoues and synthetic resins	155	174	173	165	167	164	137	155	182	217
Other chemical industry products	99	122	84	115	98	115	104	84	72	46
8. OTHER PRODUCTS	147	160	168	182	201	210	211	226	251	231
TOTAL	8168	8214	7827	7926	7822	7880	6602	7058	7430	7524
		- - ·	1	.,		1473	72	1030	1 734	1744