

PRICE INDEX COMPUTATION FOR (BUSINESS) SERVICES

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1. Introduction

The Swedish programme to improve price statistics for services was outlined and presented to the Voorburg Group meeting in Paris last year. It included an examination how prices were charged for various important services industries, and considerations on methods of improving the computation of real output in the services industries.

The following sections of this paper summarize the conclusions we have made so far and our suggestions in terms of extending price data collections to business services or by using other methods (extrapolations or approximations to output prices). We have examined most of the private service sector except wholesale and retail trade (satisfactorily covered by the producer price index system and the consumer price index), financial intermediation and real estate.

2 New output price indices (or volume indices) to be considered

We have found that the possibilities to start new output price index or volume index computations are best for the following industries where we have no price index measurements.

A. Transport, storage and communication

1) Harbour services based on fees for

- goods handled/price per tonne or number
- ships handled/price per gross register tonne
- cargo handling/price per tonne
- pilotage services

2) Airport services

We prefer the computation of a volume index weighted by the average base prices of the various airport charges related to

- number of landings
- number of passengers
- number of flights carried out within a Swedish Flight Information Region

3) Foreign passenger transportation with ferries

- list prices are available

4) Scheduled foreign transportation by air

-list prices are available

For freight transport by road and activities of other transport agencies (forwarding agents), there are weaknesses in the constant price computation, but no easy access of prices. In these industries, we have to rely on tonne-kilometres estimates and implicit computed price indices. We would probably propose some amendments possible to make in the case of postal services and telecommunication services supplied to other customers than households.

Prices are available for passenger transport by bus, rail and car (taxi) through the consumer price index.

B. Business services (ISIC 71 - 74)

No price data whatsoever are collected at present. The national accounts use a labour cost index. Output prices could be measured and collected for the following services:

5) Debt collecting services

-for the main part of the services, prices are determined by the government

6) Market research and public opinion polling services

-list prices are available for standardised market surveys

7) Technical testing

-list prices are available

8) Placement services of advertising

-are considered to be satisfactorily measured by media prices

9) Direct mail advertising services

list prices are available for

- sending information and advertising materials
- envelope addressing, stuffing, sealing, etc.
- creation of addresses as per client requests

10) Commercial exhibition services

-price per square metre of exhibition space are measurable

11) Data base services

-list prices are available

12) Computer processing services

The possibilities of computing price indices for computer processing services have been looked into rather thoroughly. We have not found any satisfactory price measuring method, but we have reasons to believe that price changes could be estimated by relying on (more or less) qualified guessing by the computer service bureaus. According to these estimates, the prices for central data processing services have decreased substantially since 1985. Thus, we will suggest a pilot survey to be launched by which bureaus are asked to provide us with estimates of price changes for the following three service types:

- batch and on line processing services
- data storage on disk or tape
- printing and other service like envelope addressing, mailing and distribution of material

13) Adult education services

-catalogue prices

3. Other output price index computations

The new service statistics has demonstrated that some business services industries are large sellers of commodities, among others enterprises engaged in engineering activities. This type of information also contribute to improvements in the real output computations since indices from the producer price index system can be utilized.

4. New wage data collections

We suggest that data on average wage changes should be collected for Investigation and security services and Building cleaning services.

5. Other input price index computations

We suggest that pilot surveys should be launched to collect average hourly fee for some service industries. Accounting, book-keeping and auditing activities are

suitable for testing. The hourly fee method was described in our paper to the Paris meeting. Hourly fees include all types of costs, wages or salaries of course the major item. The hourly fee method is an alternative to a labour cost index.