

BULGARIAN PRACTICE IN THE FIELD OF STATISTICS ON SERVICES

by

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INTRODUCTION

In the beginning years of the transition to market economy a dynamic development is under way within the service sector in Bulgaria as a result of new kinds of services arising and a lot of births of enterprises. This fact has determined the increasing interest in statistics on services and the need for its further development and elaboration. In national aspect, the statistical survey of services has to reflect adequately the rapidly changing economic environment and meet the increasing demand for information on the new kinds of services. In international aspect, this is an indispensable requirement for our full co-operation and exchange of comparable information with the market economy countries. These real necessities as well as the need for applying a unified approach to statistical survey of market services resulted in establishing a new division "Statistics on services" in the National Statistical Institute (NSI) in March 1993.

KINDS OF SERVICES OBSERVED

Division "Statistics on services" is in charge of establishing and development of methodology and designing statistical questionnaires for two main groups of market services observation. According to the National Branch Classification of Economic Activities in use, they are:

1. Other branches of material production /Business services/.

They comprise the following activities:

- * Technical and design activities;
- * Computer services;
- * Data processing and tabulation services;
- * Editorial offices, publishing houses, advertising agencies, motion picture production, record studios.

2. Branches of the non-material sphere.

The industries included are:

- * Housing, public utilities and amenities;
- * Science;
- * Education;
- * Culture and arts;
- * Health, social welfare, sport and tourism;
- * Other branches of the non-material sphere (they include the activity of trade-unions, political, public and religious organisations, foundations, charity organisations).

We are not responsible for the services in the field of transport and communications, trade, finance, credit and insurance, and General Government, which are subject to observation by related branch divisions in the NSI.

STATISTICAL CENSUSES AND SAMPLING SURVEYS

The basic statistical surveys carried out by the division are: "Revenues and expenditures of the units of other branches of material production" and "Revenues and expenditures of the units of the non-productive sphere". These are annual surveys and cover all the units producing market services as well as the non-profit institutions serving households (in principle they exclude the budgetary organisations financed from the State Budget).

The self-financed enterprises are defined as reporting units regardless of their form of ownership. Through the statistical surveys, information is obtained for the total and the auxiliary activities of the reporting units. The enterprises have to report only value indicators (revenues and expenditures) for the last accounting period ("fiscal year") with a breakdown of some 45 operations. The main indicators are: Sales of Goods and Services; Subsidies; Other Revenues; Expenses on Materials; Expenses on External Services; Depreciation; Wages and Salaries; Social Contributions and Benefits; Fixed Assets Costs; Other Expenses; Change in Inventory. Enterprises are asked to give a detailed breakdown of the main expenses groups (see the report enclosed) in order to be fulfilled the requirements of the System of National Accounts. Some enterprises, however, have difficulty to perform this for the lack of detailed book-keeping records.

One of the typical characteristics of the services sector is the increasing number of small enterprises, particularly in the private sector (comprised of private firms with single or double-entry accounting and individuals producing market services).

ENTERPRISES PRODUCING MARKET SERVICES BY BRANCHES

Branches	1993		1994	
	Total	incl. private	Total	incl. private
Other branches of material production	7396	6948	10487	9868
Housing, public utilities and amenities	7493	7226	10575	1025
Science	1395	815	1323	772
Education	1512	1088	1947	1710
Culture and arts	2892	1955	2765	2433
Health, social welfare, sport and tourism	5253	3215	6648	4456
Other branches of the non-material sphere*	7107	4931	7425	4826

* Incl. non-profit institutions serving households

In 1993 there were 26178 private economic units registered as market service producers and in 1994 their number was 34355. The ratio between private and non-private enterprises in 1994 was 5 : 1.

Because of this rapid development, sampling surveys are regarded as the most suitable. In 1993 and 1994 two similar sampling surveys in the private sector were conducted - for both business services and other market services.

They were carried out between the annual censuses for January - June 1993 and January - September 1994. Contents of the questionnaires were very limited - for example for 1994, data were requested only on 5 indicators: Total Revenues; Sales; Total Expenditures; Wages and Salaries, Other Employment Compensations, Social Contributions and Benefits; Number of Employees. The sample was stratified by regions and by the volume of Sales.

The major problems we faced related to:

- * sampling frame - the sample was drawn from an outdated Register of enterprises;
- * a great number of substitutions we had to make for lots of missing addresses or deaths of enterprises;
- * high nonresponse rate particularly for some activities provided by security firms, real estate agencies, tourist agencies and others.

ESTIMATES AND SHORT-TERM STATISTICS

A problem of great importance is the establishment of reliable criteria and extensive data base for making estimates for a wide range of services such as legal services, consultant services, private medical and education services, letting of own dwellings and others, provided by individuals (physical entities) not registered under the Law of Commerce. As their legal statute is different from those of the enterprises, they are not obliged to keep book-records which make it extremely difficult information on them to be obtained. It calls for additional sources of information to be used for the purpose of their activity

evaluation. The most important sources are: tax returns, family expenditure survey, labour statistics and others. The proportion of the estimates in some activities exceeds 40% of the total value of the revenues which confirms the significant role of the estimate elaboration.

Quarterly estimates are prepared for the activity of the branches producing services, using as a base the data from the annual surveys, the quarterly reports for the firms' financial results and additional sources of information. They are intended for the calculation of the GDP of the service sector.

DEFLATION

On the basis of the information provided by the two annual surveys, gross output, intermediate consumption and value added are calculated for more than 35 activities.

In this connection, one methodological issue of particular importance is the problem of measuring the value added of market services at constant prices by using appropriate deflators. At present it is not possible an overall decision of this problem to be reached for both the lack of unified National Nomenclature of Services and of appropriate price indexes by kinds of services. This does not enable us directly to apply the methods of deflating the value added used in other countries. In 1993 the total Consumer Price Index was used as a deflator for the market services and in 1994 an experiment was performed for applying specific price indexes for the different service activities. The work on establishing National Nomenclature of Products is ahead (comprised of goods and services) which will facilitate the construction of price indexes for the different kind of services.

COMPATIBILITY OBJECTIVES

The priority task in the work of "Statistics on services" division is the development of methodology of statistical surveys in the field of services and its elaboration in accordance with the requirements of the System of National Accounts and the international standards. In this respect, an inventarization was made of the methodological principles, concepts and definitions of the statistical surveys, of the applied classifications and nomenclatures, of the economic indicators of the services in Bulgaria and in the European Community countries. In 1993 the "Methodological Manual of Statistics on Service Enterprises" (Chapter "General Framework") was examined, translated and published in order its applicability to be tested under the national conditions. It was established, after a comparative analysis had been made, that there are no principle differences between our country and the EC countries in respect of the methodology of statistical surveys on services. But in case of information interchange, classification problems are to be expected. As distinct from NACE our National Branch Classification of Economic Activities does not consist of so detailed breakdown of the various kind of services. Furthermore, according to it, services are considered some activities as editorial offices and publishing houses, which are not classified under this heading in NACE. As far as repair services are concerned the problem is the opposite one - they are included in the branch "Industry".

Now the work is continuing on the establishing new National Branch Classification compatible with NACE. During this year its experimental practical adoption is under way and the results from the annual surveys are intended to be produced by both old and new classification.

FURTHER WORK

The further methodological work is intended towards studying the possibilities of conducting pilot surveys in the field of services. The implementation of pilot surveys will enlarge and improve the availability of data on different kind of services. In 1995 a study of EC methodology on pilot surveys on business services as well as the conditions for their implementation are planned. Conducting pilot surveys is considered to be one of the steps towards harmonising statistics on services in Bulgaria in accordance with the international standards and towards our future involving in the European statistical information system for services "Mercury".

In conclusion we can say that the basic principles of the reform of statistics on services (as an important part of the national statistical system) in our country correspond to the principles of the countries with developed statistical systems. We do believe that the co-operation with the market economy countries and international institutions will benefit us and will be helpful in order to solve the problems we face.

Respondent (enterprise):

Settlement.....

Kind of the service provided

REPORT**on Revenues and Expenditures
of the units of other branches
of material production
for 1994****OTHER BRANCHES OF MATERIAL PRODUCTION****PART 1. TOTAL ACTIVITY REVENUES AND EXPENDITURES**

/thousands levs/

INDICATORS	code	total activity
		1
Activity Revenues (0400+0500+0600+0700+0800)	0100	
Receipts from Sales - gross value	0200	
incl.: from households	0250	
Turnover Tax, Excise	0300	
Receipts from Sales - net value (0200-0300)	0400	
Other Revenues	0500	
incl.: from rents	0550	
Subsidies	0600	
incl. from the State Budget	0650	
Fixed Assets Costs	0700	
Increase in inventory, work in progress and earnings intended for future periods	0800	
Activity Costs and Expenses (1100+1200+1300+1400+1500+1600+1700+1800)	1000	
Expenses on materials	1100	
Raw Materials	1110	
incl. Water for Industrial Purposes	1115	
Energy	1120	
Fuel and Lubricants	1130	
Spare Parts	1140	
Others	1190	
Expenses on External Services	1200	
Insurance	1210	
Charges	1220	
Rents	1230	
Communication Services Payments	1240	
Heating and Lighting	1250	
Water	1260	
Transport on Lease	1270	
Maintenance and Repairs	1280	
- of Buildings	1281	
- of Equipment	1282	
Other compensations on contract bases	1283	
Advertising and Consultant Services Costs	1284	
Others	1290	
Depreciation	1300	
Wages and Salaries	1400	
Social Contributions and Benefits	1500	
include. Social Contributions	1550	
Other Expenses	1600	
Business Trips	1610	
Scholarships	1620	
Other Employment Compensations	1630	
Unemployment Fund Contributions	1640	
Others	1650	
Goods for Resale	1700	
Decrease in inventory, work in progress and future period costs	1800	

PART II. AUXILIARY ACTIVITY REVENUES

/thousands leva/

	code	Activity Revenues	Receipts from Sales - Gross Value		
			Total	incl. from households	Turnover Tax and Excises
a	6	1	2	3	4
TOTAL	2120				
Industry	2290				
Construction	2310				
Agriculture	2350				
Transport	2390				
Trade	2431				
Housing, public utilities and amenities	2550				
Science	2520				
Education	2582				
Culture and Arts	2522				
Health, Social Welfare, Sport and Tourism	2631				
Finance, Credit and Insurance	2594				

PART III. AUXILIARY ACTIVITY COSTS AND EXPENSES

/thousands leva/

	code	auxiliary activity
		1
Activity Costs	1000	
Expenses on materials	1100	
Expenses on External Services	1200	
Depreciation	1300	
Wages and Salaries	1400	
Social Contributions and Benefits	1500	
include Social Contributions	1550	
Other Expenses	1600	
Goods for Resale	1700	
Decrease in inventory, work in progress and future period costs	1800	

Signature:

Date:

Contact Person:

Telephone: