

The PPI for Road Haulage Services in The Netherlands

Presentation by

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History of the PPI statistic for road haulage services at Statistics Netherlands

- 1993 Statistics Netherlands retained confidence by EUROSTAT/ start of development
- 1995 First publication
- 2002 Rearrangement of sample and first rebasing on the basis of year 2000
- 2005 Effects introduction German MAUT
- 2006 Introduction new computing system for SPPI's



Road haulage price mutations in recent years

<u>period</u>	<u>quarterly mutations in %</u>
2003 – Q2	0.6
2003 – Q3	0.1
2003 – Q4	0.0
2004 – Q1	0.5
2004 – Q2	0.3
2004 – Q3	0.3
2004 – Q4	0.9
2005 – Q1	1.8
2005 – Q2	0.4
2005 – Q3	0.3
2005 – Q4	0.3
2006 – Q1	1.5
2006 – Q2	0.4



The new SPPI computing system at Statistics Netherlands – consequences for the road haulage PPI

1. only computing price developments (chain indices)
2. mini-rebasing (annual rebasing at respondent level) next to five-year (branch-wide) rebasing
3. easy replacement of respondents
4. geometric mean on respondent level

Definition of the branch

Freight Transport by Road

Road haulage services are transports of freight on public roads by wheeled road vehicles

- no other logistic services
(warehousing, whole logistic outsourcings)
- no sub-contractors , no double-counting
- isolation of a net total PPI for road haulage services delivered to other branches



Pricing unit of measure (I)

best unit of measure?

- moving freight from start to destination
- all-in price crucial to customer

Price per trip

(including or excluding the return trip)



Pricing unit of measure (II)

- about 40% of price quotations relate to one of the price mechanism characteristics
- pricing mechanism characteristics:
volume, weight or size of cargo, type of lorry, distance, time, etc.
- assumption: price mechanism is a proxy for the transaction price of freight transportation



Example for a unit of measure not being measured per trip

Service description

Distribution transport on pallets (70 box per pallet) in a cooler trailer. From Veghel (NLD) to diverse addresses in The Netherlands.

Including loading and unloading (both of which takes one hour) and including Diesel surcharge. Average price per pallet.



Trips containing ferry-boat passages

should be observed or not?

1. Ferry-boat passage dominates trip :
→ trip is excluded
 2. Road trip dominates whole trip :
→ trip is included
- Long-run risk for separate PPI for road haulage



Classification structure

- three strata of companies classified according to number of employees
- only companies of more than five employees in the sample
- small companies face relatively high administrative burden



Publication structure

Two criteria

1. National vs international transport
(= inner-border vs border-crossing transport)
2. Type of lorry: removers, freezers and coolers, tippers, tankers, containers, others



Compatibility of the PPI with national account

Prices

1. National PPI
→ deflator for domestic intermediate consumption
2. International PPI
→ deflator for exports

Compatibility of volumes with national account

Volumes

- Volume of international trips
= export volume +
volume of domestic intermediate consumption of
border-crossing trips

(key: weight distance)

- Domestic intermediate consumption volume
= volume of national trips +
volume of domestic intermediate consumption of
border-crossing trips



Pricing methods

Model pricing } mid-quarter observation
Contract pricing }

proportion between
model and contract price quotations:

revenue proportion between ad-hoc and long-term customer (per respondent)



Service description characteristics:

- type of lorry
- type of cargo
- packing material
- weight, size or volume of cargo
- inclusion of loading and unloading
- places of loading and unloading
- ferryboat boat passages and toll
- inclusion of return of cargo
- reimbursement for waiting
- rent for lorries and drivers
- diesel surcharges



1st example for a service description for a price quotation

Transported by a tanker,
cargo weight of 30 tons
from Zevenbergen to Veghel,
bill price of client 'Suikerunie',
price per trip.



2nd example for a service description for a price quotation

Truck and trailer 25 ton.

From Assen to Mayer (DEU), 217 km, \pm 6.5 hours.

Advance notice of 3 days.

Excluding return cargo, including loading, unloading and reimbursement for waiting.

Including German toll.

Contract price for a fixed client No. 10502.

Price per ton.



Procedure to choose pricing method

- no explicit decision criteria
- consultation of branch organizations
- consultation of branch-typical companies
- stimulation of willingness to cooperate
- low administrative burden as an argument to cooperate



Quality adjustment

- preferably: **overlap method**

If overlap period lacks then overlap period is designed by

- **expert guess**
- **targeted mean imputation method**



Summary (I)

- unit of measure:
price per trip, specific price mechanisms
- trips with ferry-boat passages
only included if road part dominates
- publication structure:
national/international , type of lorry
- National Account: national and international PPI's
→ domestic intermediate consumption and export
deflator, respectively



Summary (II)

- National Accounts:
split of international volumes
- model and contract pricing
- low administrative burden goal - incentive for companies to cooperate
- quality adjustment preferably through overlap method, otherwise expert guess, targeted mean imputation method

