

Options Paper

The future of the Voorburg Group on Services Statistics

30th meeting of the Voorburg Group

Sydney, New South Wales, Australia

21-25 September 2015

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1. Background/History/Introduction

The Voorburg Group on Services Statistics is a “city group”, one of several such groups who operate with endorsement of the United Nations Statistical Commission (UNSC). The Voorburg Group is actually the oldest of the city groups, each named after the city where a Group first met. Originally started in response to a request in 1986 from the UNSC for assistance in developing services statistics, the Group has been comprised from its inception primarily of experts from national statistical offices (NSOs) as well as periodic participation from international bodies like the Organization for Economic Cooperation and Development (OECD), Eurostat, and the United Nations Statistical Division (UNSD). Participation in city groups is voluntary and driven by interest in the NSOs. It was recognized from the start that these informal consultation groups are an innovative way to use country resources to improve and speed up the international standards development process. Although they are self-governing and set their own working agendas, their terms of reference (sometimes called a mandate) are approved by the UNSC, and since 1997 the Commission regularly receives progress reports from the city groups and discusses their work, including the Voorburg Group. Over the years, there have been 15 such groups formed to address various areas of interest to NSOs, of which 7 consider their objectives completed and the other 8 are still active.¹

The Voorburg Group held its first meeting in 1987, hosted by Statistics Netherlands in Voorburg. The Group was founded to help carry out conceptual and development work in the measurement of services statistics. With such a diversity of services outputs, it was recognized that different conceptual and empirical approaches would have to be developed. Pooling experiences internationally allowed for broad coverage of services, convergence in approaches, and the sharing of best practices. The Group has always had a more practical orientation, addressing issues related to the production of services statistics, including service product outputs and inputs, the estimation of the real product of service activities and price indices of service products and industries, as well as their implications for product and industry classification. During the first 17 years of the Group’s existence, it was successful in developing product and industrial classifications and model surveys, and in discussing a wide range of topics.

Beginning in 2004, in response to concerns about the Group’s broad agenda, the Group undertook an intensive review of the focus and modalities of the Group and produced a [Strategic Vision](#) that has guided the work of the Group ever since (see Appendix A of this paper for the complete text of the Vision). As a result of this work, in 2005 the Voorburg Group received a renewed mandate from the UNSC concerning its objective, focus, and scope:

The objective of the VG is to establish an internationally comparable methodology for measuring the constant dollar outputs of the service industries. The focus of the VG is to develop concepts, methods, and best practices in the area of services. The scope of the VG is centered on producer price indices (PPIs) for services, turnover by products, and classifications.

¹ Among the current active city groups, the ones most closely related to the Voorburg Group include the Ottawa Group on Price Indices, focusing mostly on applied research in the area of consumer price indices, and the Wiesbaden Group on Business Registers, focusing on development of business registers, sample frames, and associated topics. The Ottawa Group meets every 18 to 24 months and the Wiesbaden Group has been meeting every two years since 2008.

At the same time, the Voorburg Group Bureau, the Group's leadership committee, invited less developed countries to attend the meeting to provide them with the opportunity to learn from observing the best practices developed during the meetings. This met another aspect of the mandate, the *transferring of knowledge*.

In 2006, Voorburg Group membership adopted a content development framework (CDF) to ensure that its work was focused on the strategic vision and would result in a set of tangible outputs that provide information to the larger official statistics community. You can find the CDF on the VG website at <http://www4.statcan.ca/english/voorburg/index.asp?page=news.html> and the complete text in Appendix B to this report. From 2006-2014, the Group has covered a large number of ISIC industries with regard to measurement of turnover/output, SPPIs, and classification issues. A complete overview can be found in the latest progress report to the UN <http://unstats.un.org/unsd/statcom/doc15/2015-24-VoorburgGroup-E.pdf>. The annex to that report lists the 105 industries covered by the work of the Group during those years. The focus of the Group has been primarily on the development of Sector Papers, which present key methodological guidelines for the development of services statistics as it applies to turnover, producer prices, and classification. Each Sector Paper covers one or more of the industries covered by the Group during the past 8-9 years, i.e. many of the papers cover groups of related industries as applicable. Appendix C includes a list of the Sector Papers completed to date. In addition, a number of cross cutting topics, touching fields across industries (e.g. topics related to National Accounts) has been included in the meetings. All of the papers contributed over the history of the VG as well as many of the presentation slides used at the VG meetings are stored on [the VG website](#) with particular focus on Sector Papers, Revisited Papers, and the country-specific paper and presentations (called generically "mini-presentations") that serve as the inputs for deliberations at VG meetings and the subsequent creation of the Sector Papers.

VG meeting agendas have been structured around industries and cross cutting topics. Within industries, 2-3 papers concerning output/turnover and PPI have been presented each year. A sector paper for each industry (best practices) has been written by the session leader and published at the VG website. There is no doubt that VG efforts have made a significant contribution to development of best practices and standards and has contributed to resolving statistical and measurement challenges in the Services Sector. The most prominent example of this contribution is how VG Sector Papers formed significant parts of the input for the second edition of the [Eurostat-OECD Methodological Guide for Development of Producer Price Indices for Services](#) (2014).

With growing experience, especially within PPI's during 2006 and forwards, the agenda has been relatively easy to establish from year to year. In recent years though, there is a growing sense that we may have reached a crossroads, i.e. that we may have largely accomplished the Vision first established in 2005 and need to think more strategically about the future of the VG (similar to what the Group did in 2004-05). The agenda for VG2015 is covering rather small industries measured by turnover/output and there is a sense that the Group has reached the "bottom of the barrel". Most significant industries which were identified when the current strategic vision was set have been covered; to the extent that they have not been covered, it is usually due to lack of experience among NSOs or significant measurement challenges that have not been successfully tackled yet by most, if not all, of the NSOs. The Group has reached a turning point and the agenda for 2016 and forward is not obvious.

Thus, the Bureau has decided to write an options paper for consideration of its membership at the 30th Meeting of the Voorburg Group (VG 2015), focusing on the status and future options for the VG. The paper will present some of the options the Group has in the years to come. The paper will also raise questions concerning the structure and framework of the agenda and the way the Group is organized. *From this paper and subsequent discussions at VG 2015, the Bureau proposes that the Group develop a new strategic vision for the next 5 years.*

2. Content and structure of the VG meetings 2006-2014.

Four items have served as the back-bone of the agenda since 2006:

1. Classification issues
2. Turnover/Output measures
3. Producer price indices
4. Cross cutting topics

Approximately 105 industries have been covered (ISIC, 4-digit level) from 2006-2014 including some that have been grouped together for study purposes, with regard to classification issues, and measurement of output and prices. As described earlier, papers are prepared by several countries to give the Group a better chance of identifying best practices and assuring that issues that require further discussion are identified. Papers and presentations within each industry and topic have been made available at the website for the Group. Each writer of a paper has presented this during the meetings. Each industry session has also a session leader and a discussant. The session leader's responsibility is to organize the session, to introduce the session at the meeting, to compare the different classification standards used by the presenting countries, and to lead Group discussions of the papers and presentations. Based on Group discussions of these papers, a decision is made whether a sector paper can be written, and it is usually the session leader's responsibility to write the sector paper for next year's meeting. The sector paper includes classification issues, best practices within turnover/output and PPI based on the papers in the session. Other industry specific topics can be addressed as well. It should, in other words, include guidelines for the development and production for the industry covered. Some sector papers have been updated later on, due to new experiences and/or major changes in the economy or industry since the sector paper was written. There is also a class of papers called "Revisited Sector Papers" that essentially looked back at Group work done on an industry prior to the adoption of the Strategic Vision and Content Development Framework to create a paper for the industry to conform with the new sector paper format and purpose. All sector papers are therefore to be considered as *living-documents*. In cases where experiences have been limited and/or the Group feels more work needs to be done before a sector paper can be written, an issue paper has been produced instead. The most prominent example of the latter was the issues papers done for several years on distributive trades before a sector paper was finally deemed ready to be written and approved by Group membership (in the form of a Final Issues paper – see row 6 on the spreadsheet included in Appendix C).

The Cross-cutting issue sessions differ from the industry sessions, by having no sector papers and no formal discussant. In recent years, these sessions have generated more discussions during the meeting than the industry sessions. In part this is due to the nature of some of these sessions as they

tend to deal with challenging issues for NSOs, often topics on which there might not be a clear consensus. The VG has attempted to use these sessions to develop such a consensus, which can then inform our documentation of best practices. The papers and presentations from all cross cutting sessions can be found at the web site <http://www4.statcan.ca/english/voorburg/>, especially as noted in the agendas for the meetings held since 2010 found in the Meetings section of the website. Note, however, that the user cannot find a specific category called “cross-cutting topics” on the website like exists for Mini-presentations and Sector Papers – outputs from cross-cutting sessions tend to be found on the “Search Papers By Programs” page under the following categories: Methodology – Statistics collection & strategy; National Accounts; Miscellaneous; and Quality & Quality Adjustments.² The purpose of the cross-cutting sessions is to raise discussion concerning topics that span industries. Some examples can be mentioned to show the differences in this session in the near past: Reselling of services (2015), Turnover and prices for various sectors (2014), Linking services Turnover/output and Prices to the national Macroeconomic framework (2013), Electronic reporting (2012), Manufacturing services (2011), Adjusting quality change (2010), Effect of globalization on Service Producer Price index (2009), and National accounts methodology (2007 & 2008). Note the last of these was intended to be a foundational piece as the VG focused on what it means to measure the constant dollar outputs of the services industries. The term cross cutting topics has been used on the agenda every year since 2011.

Note that in support of the new focus on development of sector papers the VG also decided to develop materials that would further standardize the approach used in writing mini-presentation papers and then sector papers. In 2007, the VG adopted a [Thesaurus for Price Methodology](#) to encourage the same use of language in writing about SPPIs in papers. In 2009, the VG adopted a [Glossary](#) with common terms and their definitions for use in Mini-Presentations, Sector Papers, and Revisited Sector Papers. They are posted on the permanent website. Note that the Glossary formed the foundation for a similar section of the new edition of the Eurostat-OECD Methodological Guide referenced earlier. Finally, in 2008, the VG approved a [National Account General Methodology Paper](#) that has guided the Group’s work on measuring the output of industry output to constant price. At the 2013 meeting, the VG revisited this work and essentially reconfirmed the guidance from 2008.

3. Feed-back from the 2014 meeting

Participants of the 2014 meeting in Dublin were asked to provide feedback on the latest meeting. Their comments spanned from the venue and logistics to the agenda content and quality of presentations. The following is a summary of what participants liked, disliked, and their suggestions for improvement, divided by content and organization

3.1 Content of the meeting

The Group noted that the topics discussed are very relevant and useful. In particular, the cross-cutting topics are of great interest to the participants. Participants noted that the presentations and

² Although the term «cross-cutting topics» first appeared on VG agendas in the 2011 meeting, the VG has always had some version of special topics that appear quite similar to what we call cross-cutting topics in more recent years. Under the Search Papers By Program page on the website, you can find contributions done prior to 2011 on Globalization (2009), International Trade in Services (1987-1993, 1995-96, 1999, 2002, 2004), and Short-Term Indicators (last contribution in 2008).

discussion were very fruitful. The exchange of best practices and the discussion of problems and how different countries have solved them are very practical and helpful.

The feedback was equally positive among members just starting to measure services and those with years of experience. Many of the NSOs with more established programs have been encouraging the countries to which they have been offering technical assistance to attend. Membership has expanded, and the newer members are benefiting from the experience of the participants with more mature programs.

There were mixed opinions regarding discussion of the needs of the Systems of National Accounts (SNA). While all members understand the critical role that both measurement of turnover and producer prices play in the SNA, some feel the Group places too much importance on SNA needs and that the idea of Short Term Statistics *as an indicator for business cycle analysis* is not taken sufficiently into account. One participant noted that turnover indices and PPI's indices have the objective to measure temporal changes of the phenomenon and they must be calculated for this principal reason, not only according to SNA principles. Others felt that the focus on the National Accounts is important because it is the most important user of the services statistics. These differences seem to surface most when the Group has discussed such concepts as B-to-B, B-to-E, and B-to-All and the varying approaches that various NSOs take to such concepts. The Group has benefited from conceptual discussions around SNA concepts and requirements. Further work may be needed to consider how SNA 2008 impacts the current practices for measuring activities such as software development.

3.2 Organization of the meeting

The primary criticism received from the last meeting was that we tried to do too much in the span of a 4 ½ day meeting. Participants would have preferred a less ambitious agenda with more time for discussion. Those for whom English was not their first language found the days particularly long and challenging³. Indeed, the breaks and time outside of the meeting also provide members with opportunities to further discuss issues and to learn what is done in other countries.

Participants suggested a variety of ideas to improve the meeting flow. Some suggested a more active role in giving presenters a time limit and limiting the number of presentations for a given topic. They also had suggestions to eliminate duplication across multiple sessions of the same topic. Finally, there were suggestions to make the meetings more inclusive by allowing for small group discussions in addition to the plenary discussions.

It was suggested to the Bureau that a future meeting should include a session for the novices to share their experiences and difficulties. One delegate expressed an interest in encouraging participation in the Group from NSOs in Africa and from more countries in Latin America. While city group participation is open to NSOs from all countries and the VG website provides contact information for all interested NSOs and/or international statistical organizations, our meeting invitations tend to go out to those that have participated in prior meetings.

Some of the participants with more established coverage of services are innovating to improve efficiency and would like to exchange ideas on statistical processes and methodological issues. There

³ As a self-governing city group in which participation is voluntary and all expenses handled by member countries, the Voorburg Group cannot afford the expense of simultaneous translation at its meetings.

is a resounding interest from all participants that the exchange of practices and solutions from individual countries is extremely beneficial.

The Bureau is exploring ways to improve the meeting flow based on the feedback received. The cross-cutting topics will be facilitated by Bureau members who will work with participants in the year between meetings to bring together the ideas and concepts to be discussed. In addition, more direction will be given to session chairs of the mini-presentations to avoid duplication. Finally, the Bureau has decided to include a poster session in the 2015 meeting to allow even the less developed nations to actively participate in VG presentations and discussions.

4. Feedback from the UNSD

On August 11 2015 the Voorburg Group, represented by John Murphy (secretary), David Friedman (co-chair) and Jakob Kalko (co-chair), met with UNSD (Ralf Becker, Alexander Loschky) through a telephone conference. The overall agenda for the meeting was to discuss the current mandate of the Voorburg Group and the future work, especially in light of news we had heard that UNSD is considering some changes in their focus that had some potential to impact the VG's mandate.

The Voorburg Group mandate as of 2015 *The objective of the VG is to establish an internationally comparable methodology for measuring the constant dollar outputs of the service industries. The focus of the VG is to develop concepts, methods, and best practices in the area of services. The scope of the VG is centered on producer price indices (PPIs) for services, turnover by products, and classifications.*

The UNSD had no suggestions or wishes for changing the mandate at this time. They seemed satisfied by the fact that the Group should continue focusing on measurement of real output in services. Having said this, the UNSD recognizes that city groups are self-governing and can recommend changes in mandates and/or scope on its own for consideration by the UNSC.

The UNSD is considering changing their own focus away from industry statistics but as these considerations are at an early stage, they did not request the Voorburg Group to change this focus – and recommended the Group continue to stick to the industry perspective. It was not clarified to which degree the mandate of the Voorburg Group is dependent on any strategic changes made by the UNSD regarding service statistics. Accordingly, the VG should follow UNSD discussions on this topic closely.

There was discussion about how the Group could aggregate its work from the last ten years. It could, for example, be done by creating a Business Service Manual, using the input from the VG work on the different industries. It could also include a description of trends (new products within industries, degree of bundling of services, shifts in technology, globalization etc.). A Business Service Manual would likely also have to include input from other sources than the Voorburg Group. The newly published guide for developing Eurostat-OECD Methodological Guide for Developing Producer Price Indices for Services is one example. At the same time it should be noticed that some of the input to this Guide comes from the work performed by the Voorburg Group. It was not discussed or concluded in details how such a new Business Services Manual should be produced. The should consider this as one of the future options (see Section 5).

A part of the Group's focus has been on classification issues. For example, two years ago we identified several recommendations for potential classification system changes and sent them to the Expert Group on International Statistical Classifications – they resulted in changes to the latest revision of the CPC. Staff at the UNSD find this quite helpful and encouraged us to be more consistent about providing this type of feedback. We agreed that VG should develop better routines, reporting classification problems back to the UNSD on a more regular basis.

5. Options for the Group.

This section will mention some of the options which the VG Bureau regards as options for the future of the VG. While the current mandate may still be considered instructive, the VG could consider enlarging the interpretation of the mandate, not just focusing directly on measurement of prices and output, but also put focus on items, which may influence the quality of the measurement (and hence the statistics within service industries). We might even consider expanding the scope of the VG to explicitly include emerging measurement issues in services such as bundling of services, globalization, and sources of alternative data for volume and prices. Our plan is to use input received from VG members and stakeholders on these potential options in establishing a new strategic vision for the VG for use over the next five years.

5.1 Options for the content of the agenda

- **Updating past sector papers; keeping them up-to-date as circumstances change.**
Size and nature of industry should be a deciding factor for selection.
- **Recalling industries from previous meetings, where only an issue paper is provided.**
Are these areas ready for a new industry session and a sector paper?
- **Continue to have focus on the connection between SNA and the statistics they use.**
The mandate of the Group, by focusing on improved measures of constant dollar output, implicitly places priority on SNA needs as these measures are mainly computed in the SNA. The Group therefore needs to include SNA needs in the future, especially paying attention to changes in SNA standards to determine the potential impact on the measurement of turnover and prices. One large advantage of this is that it increases the understanding between producers of output/turnover, PPI's and the SNA who is using this input in several NSOs. Industry specific issues will be of interest, but also concepts within SNA. Indexes of Services Production (see next bullet) will be of interest in the future for the SNA for many members of the VG with some notable exceptions. Part of the Group feels that SNA gets too much attention and that STS should primarily work as an indicator for the business cycle. *This point has been discussed further by the VG membership.*
- **Indexes of services production (ISP).**
An ISP is a production index to measure short-term economic activity in the services sector. This will be a part of Eurostat's Framework Regulation Integrating Business Statistics (FRIBS), a new regulation within the EU-area. This indicator should act both as an additional input to the business cycle analysis and as input to the SNA. With an increased number of (service) producer price indexes available in recent years, the possibility of creating an ISP for different industries, by deflating an output measure with a price index, has also increased. European countries (to my knowledge) have little experience within developing ISP so far – what about other countries?

Germany presented a paper concerning ISP in Tokyo (2013) in which the following was stated:
The development of best practices within ISPs is to some extent a logical step after the Group's coverage of best practices within output measures and price indices. Could this be an industry specific topic for the years to come? Guidelines in connection with development of ISPs have been established through a Eurostat task-force, which ended in June 2015. These guidelines are to be published in 2015. It should be mentioned that there is also available a Compilation Manual for ISP, provided by OECD in 2007. Based on the guidelines, countries are now to develop ISP's. As such the suggestion here is not for the VG to focus conceptual issues that are already the purview of other entities, but rather for the VG to potentially focus on the practical implementations and best practices in implementation of ISPs, sharing NSOs experiences at future VG meeting. Development of ISPs is also a tool for improving frequency of turnover statistics.

- **New regulations/demands in other parts of the world than Europe, which could be of common interest?**

Examples of this could include:

Capitalizing of software – how to collect and measure data
The impact on prices and turnover/output from introducing SNA 2008

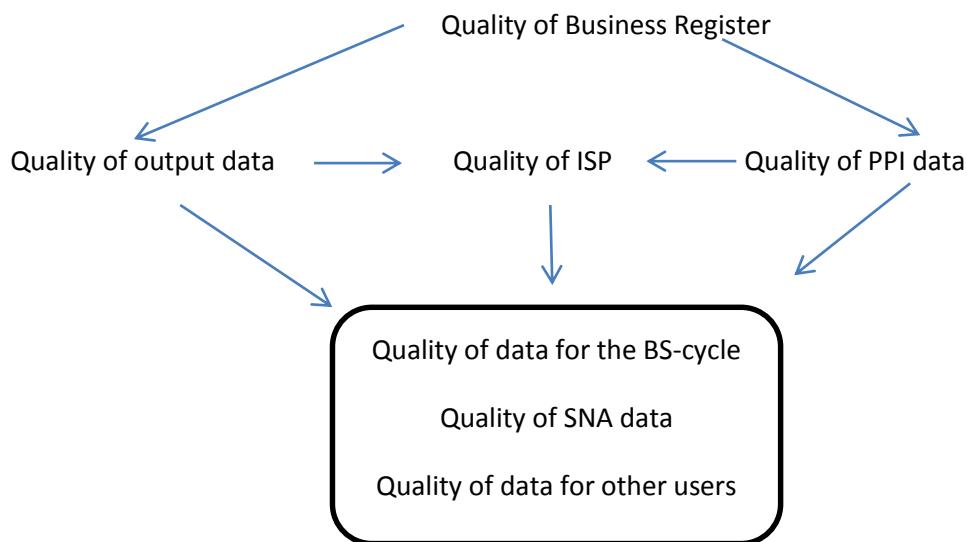
- **Cross-cutting topics.**

This part of the agenda has turned out to generate the liveliest discussions in Group meetings. Topics related to SNA, to the nature of services or more general topics (e.g. electronic reporting) are some of the items which have been included in this part of the agenda. The VG Bureau would like to keep this on the agenda, but might do something to the content and/or format. Usually topics for next year's meeting are generated through discussions in the current meeting. This has been an advantage, making it possible to bring up topics for discussion of common interest with short notice. There has been some concern expressed by members with a longer history in the VG that we should guard against pursuing too broad an agenda as this proved to be a source of criticism that resulted in the changes in VG scope and operations in 2004-06 as outlined in detail earlier in this paper. This might mean that we should carefully focus on the kinds of topics that are appropriate for the VG and avoid those that are really not central to accomplishing our objectives. For example, we should make sure that we focus on methodology improvements as opposed to simply operational differences. *What criteria should the VG apply in deciding which cross-cutting topics to address?*

- **Classification/enterprise group issues.**

The organization of enterprise groups are getting more complex within the service industries, including cross-border issues. This may play a significant role in the future when it comes to the quality of the statistics. While the topic belongs to another City Group (*Wiesbaden*), it is an increasing challenge in the production of service statistics. Could it be relevant to present different cases (e.g. Enterprise groups, with cross border activities, specific merger areas in the service sector) in the future agenda and how they are treated by NSO's? Another challenge is how the Business registers in the NSOs cope with this development, but this challenge belongs definitely to the Wiesbaden Group.

The figure below shows the basic connection between quality of the business register and the quality of data produced.



- **Guidance papers.**

The National Accounts Methodology paper from 2008 is an example of a “sector paper” for a cross cutting topic (“Measuring the constant price output of Service Industries”). The paper serves as a guide to the work in NSOs. Could this be a relevant activity to perform more of in the future? Looking at the VG2015 agenda, we have potential candidates in cc-topics 1-3. From the perspective of “transfer-of-knowledge”, it could be suggested to bring together methodological practices from different countries, which can serve as guidelines together in one paper?

- **Organization and presentation of the VG material**

In the discussions that the co-chairs and the VG secretary had with the UNSD, we heard comments about pulling together all the good work the VG has done on papers and presentations in the past ten years in a more comprehensive way. One potential suggestion is the creation of a Business Service Manual. A Business Service Manual would bring together the work done by the Voorburg Group, showing best practices measuring output and prices within different industries and point out challenges. This is most likely beyond the Group's capacity, as we don't have sufficient resources to design and publish a new Manual. The only way a Manual could be developed is if the VG found a sponsor like OECD or the UNSD that would be willing to take this on as project and work with VG members, similar to what occurred with the Eurostat-

OECD Guide for SPPIs. Another potential solution could be to restructure the VG website, making it easier for users outside the Voorburg Group to get access to specific VG materials and to better understand the organization of VG outputs. We would have to establish a VG task force to work on this, but it should be noted that previous attempts to refresh the website in recent years did not occur due to lack of VG volunteers for the effort. We might need to also find a sponsor for this activity to make it work successfully. Of course, this would be an activity carried out apart from the meetings, though progress would be reported at the meetings.

- **Development support**

Participation in Voorburg Group is increasing as more countries start to measure Services. A number of countries with a longer history of measuring services are providing technical assistance and encourage participation in the Group. Should the meeting formalize this by providing time on the agenda to support those that are just developing indices? For example, perhaps there would be a paper and presentation of a country's development progress and the challenges they face followed by discussion where experienced programs can suggest approaches or solutions to the problems.

5.2 Organization of the VG its meetings

a) Governance of the VG

Governance of the Voorburg Group is performed by 6-8 representatives, called the *VG Bureau*. Over the years, membership of the Bureau was relatively stable and as such there was not much need for clear membership rules, etc. Around 2011, the VG began to see increased turnover in the membership of the Bureau, which was perceived as a risk to the stability of VG governance and thus the overall effectiveness of the Group. Thus, at the 2012 meeting, membership endorsed more clear operating procedures for VG governance. This framework was refined somewhat at the 2014 meeting at the suggestion of the chair at that time, David Friedman. As of today, the Bureau has two co-chairs with overlapping terms to ensure consistency between iterations of the Bureau. The members of the Bureau are appointed by the Voorburg Group, except for two fixed representatives: The host for the next meeting and the host for the previous meeting, both who serve for two years or three meetings (i.e. term starts at the meeting before the meeting at which an NSO will host and ends at the meeting after that NSO serves as the host – for example, the Bureau of Statistics in Japan, the host of the 2013 meeting, was a member of the Bureau starting at the 2012 meeting in Warsaw and completed its term on the Bureau at the 2014 meeting in Dublin). While the Framework endorsed in 2012 called for all members of the Group to serve fixed terms with staggered nominations to ensure continuity and stability, there are no rules today for how long the other representatives are expected to serve on the Bureau. The Bureau should ideally consist of representatives from all parts of the world in the Group and include both turnover and SPPIs practitioners, but does not always fulfill this. Of course, there is a need for some flexibility in this regard in an entity like a UN city group, but as a self-governing entity, there is a concern from some members of the Group that its governance ensure that the Group fully reflects the needs and desires

of the diversity of its membership. Question to the Group: *Do we need to formalize the organization and leadership of the group any further?*

b) The role of the Bureau.

Today the Bureau organizes the meeting and is responsible for getting input from countries, together with the session leaders. In most meetings, Bureau members take the role as a session leader for one or more of the sessions. The Bureau is also responsible for “looking into the future” and prepares proposals for the Group to be discussed concerning strategic choices when needed. The co-chairs are responsible for writing a progress report to the UNSC, delivered once every two years. The co-chairs, working with the Secretary, also are responsible for updating the page on the UNSD website concerning the Voorburg Group on an annual basis. Finally, the co-chairs work with the administrator of the VG website, hosted by Statistics Canada, to assure updates are made between meetings. *Is this what we want the role of the Bureau to be? Any additional suggestions.*

c) The structure of the meeting.

The structure of meeting agendas today consists basically of industry sessions, where the focus is turnover and prices in one industry at a time (mini-presentations) and cross cutting topics, where topics across industries are discussed. Countries are to present their papers. Each session has a session leader, responsible for presenting classification issues, leading VG discussions of the paper in concert with the co-chairs, and to write a sector paper (industry sessions, best practices) for the next meeting (assuming that membership agrees the industry is ready for a sector paper). The session also includes a discussant, raising questions concerning the papers. The discussant’s role is to help prompt VG discussion and point out potential issues that may need to be addressed further either as part of the writing of the sector paper or prior to the decision to write a sector paper. Feedback from the members in 2014 indicated that the agenda is too ambitious, leaving little time for discussion. The Group might need to decide about the future strategic vision and content of the meeting, before we can discuss the format of the sessions

Documentation is an important part of the group’s work. At the same time documentation work serves the function of increasing competence. It is therefore important that the Group continues to produce papers and presentations. It is also important to have a fixed structure of the industry specific papers, as it is today. It makes it easier to compare methodologies and practices among countries and serves as a guarantee that all the important aspects of output and prices are covered. *The structure of the papers can be discussed (but the co-chairs have no radical changes to propose at the moment).*

The role of *session leader* is typically performed by a representative from an experienced country. In order to put more emphasis on *transfer of knowledge*, this task could in the future to a larger degree be performed by a representative from a less experienced country. For example, this could be done in cooperation with the discussant for an industry session.

The role as *contributor* is to present the paper and be available for questions. For the 2015 meeting, the Bureau has asked contributors to focus more on industry specific challenges and issues in their meeting presentations, instead of being mainly a summary of each paper. This year we will also be trying a panel approach for one of our cross-cutting topics – we had a quality adjustment panel last year but it turned out to be an odd mix of both traditional presentations and panel back-and-forth. This year the session is being structured with one presentation to set the stage and then a true panel

discussion hosted by the session leader. We will see how both of these approaches work out during the meeting and draw conclusions for future presentations.

The 2015 meeting will have a *poster session* on a “try-out” basis, examining a way of having a session, where the Group is not participating in one traditional plenary session. It might give the opportunity for more countries to present challenges and also participate in discussions, compared to the usual sessions. We might also consider experimenting with a session that includes small discussion groups; with such sessions though, we need to guard against creating new Group communications issues. The experience from the 2015 meeting will give us input to evaluate this.

With new countries joining VG, we could add an advisory session to the agenda. Through a poster session, we could invite participants to showcase new development work and provide them with a forum to solicit advice from other participants. This does not have to be limited to newer participants. For example, Canada is still developing SPPIs for Financial Services and Insurance and could benefit from an exchange of ideas. Likewise, this year several countries will be discussing their challenges with the use of alternative data sources and/or administrative data, a more advanced topic that is still of interest to all NSOs no matter their current stage of development.

5.3 Other options

More focus on contact with other city groups and/or international task forces – in the past, all city groups have tried to stay within their own area of interest but the VG has had issues that arise that potentially lend themselves to more contact with other city groups and/or international bodies.

a) *The Ottawa Group* is mainly focused on applied research within CPI. A more active contact might give theoretical input to the VG meetings (cross cutting topics), but practices creating the indexes are somehow different. Quality adjustment is also a topic from time to time at these meetings. The VG attempted such a contact with the Ottawa Group at its 2014 meeting.

b) *The Wiesbaden Group*. The group is engaged in development of business registers, survey frames, and associated topics. As the business register is the backbone of industry-surveys in most NSOs and we in the future probably face more complex and international organizational structure, more contact and exchange of knowledge might be of value for both the Wiesbaden and Voorburg Groups. On the other hand, we should be aware, not broadening the agenda too much. This was the challenge for the Voorburg Group in 2004. One way of creating more contact as a start is to be updated on the papers and the meeting agendas (meetings every second year). This could a task for selected members (?)

c) *Task Force on Statistics of International Trade in Services* – The issue of trade in services has come up at past Voorburg Group meetings. In general, at least during the past decade, the VG has considered the assurance of coherence and comparability of statistics on international trade in services as beyond the scope of the VG. However, the Group has noted that measurement of B to E price indexes for services remains a data gap for many countries. France collects prices by end user (B to B, B to E, etc.). We discussed in Tokyo whether this issue of B to E prices for services is already covered by the Task Force on SITS. In the unedited white cover version of the MSITS 2010 Compilers Guide (dated December 16, 2014), there does not appear to be any specific guidance related to price measurement. Paragraph 1.26 states: “The guidelines for integrated economic statistics are based

on internationally adopted standards, including the System of National Accounts 2008 (2008 SNA), the Balance of Payments Manual, sixth edition (BPM6) and more specialized technical manuals, such as those on the measurement of prices, sectorial and business statistics and FDI.”

6. Questions for the VG

This paper has provided a description of the content and structure of the Voorburg Group and its meetings from 2006-2014 (2015), including an evaluation from VG members and feedback from the UNSD. It then presents options for the future of the VG, which is now at a potential crossroads as discussed at last year’s meeting and in section 1 of this paper. The options are presented from two perspectives – one dealing with the scope and content of the VG and its agenda and the other with the effectiveness of current organization of the VG and its meetings.

As indicated at the start of this paper, it should be regarded as a first input for the process of developing a new strategic vision for the Voorburg Group. The Bureau hopes to be able to receive enough input from at VG2015 to begin work on the new Strategic Vision right after the conclusion of this year’s meeting and to make the adoption of the new Vision a main focus of the agenda for the 2016 meeting of the Group. The Bureau needs input from Group members for this process and we have some questions that should be considered as you read this paper before the meeting:

- How would you prioritize the options mentioned in section 5 of this paper and why? Which ones do you consider most important and which ones do you consider least important?
- Do you have any additional options that you would like to include?
- Are any options mentioned in the paper (section 5), which you regard as being outside the scope of the Voorburg Group’s mandate (pg.2)? Do you believe the scope of the Voorburg Group should be changed and if so, how?
- Do you have suggestions for changes in the format and/or organization of our meetings which could increase discussion/engagement of all members in the Group during the meetings?

At the meeting itself, we will have a brief presentation and then work on addressing these questions. For those members who are unable to attend the meeting, we encourage you to send your thoughts via email to David Friedman and Jakob Kalko.

Appendix A – Strategic Vision of the Voorburg Group on Service Statistics for 2005-2008

This appendix contains the text of the Strategic Vision that set the stage for the work of the Voorburg Group since 2006. The original document can be found on the [Voorburg Group website](#). The 2005-2008 designation comes from the “work plan” part of the document - the Vision called each year for the Voorburg Group (VG) to establish its activities for the following year. The Group obviously underestimated how long it would take to complete work on Sector Papers for all the targeted industries or industry groups as that work has remained a constant of the VG through its 30th Meeting (VG 2015). Still, this document is foundational for the VG in terms of its goals and objectives; it also is instructive in terms of the issues that caused its creation and how that might inform how the current membership addresses the Group’s future.

STRATEGIC VISION OF THE VOORBURG GROUP ON SERVICES STATISTICS FOR 2005-2008

Prepared by

Louis Marc Ducharme

Chair of the Voorburg Bureau

Ottawa, October 2004

NOTE: The author would like to thanks Peter Boegh-Nielsen, Paul Johanis, and Mark E. Wallace for their comments and suggestions which contributed to improve greatly the final version of the paper. The views expressed in the paper are those of the author and do not necessarily reflect the official position of Statistics Canada. As usual, all remaining errors are those of the author.

INTRODUCTION

In the last two decades, there has been considerable development in the statistical coverage of services in many countries. By the same token, the dynamism that characterizes the service sector of the economy and the increased interest and focus from the policy makers on this sector have put more pressure on statistical agencies to produce better and more comprehensive statistical data. In the context of scarce resources, the development of new statistical measures for complex service activities called for better planning of the international and national statistical production and more collaboration between statistical agencies to answer these emerging user needs. In this spirit, the Voorburg Group was created to act as an active forum to develop new classification, new concepts, new methodologies and best practices related to the measurement of the service sector of the Gross Domestic Product (GDP).

In order to do so, the Voorburg Group has established a Bureau which is in charge of setting the work plan for the Group. There has been a practice of setting up work plans over periods of three years to deal with important gaps in the areas such as: service price indices, classification, turnover statistics and information society.

Over the years, the Group has successfully developed an international classification for service products, a model survey for the collection of output measure and a series of papers describing best practices for service price indices. It has also undertaken discussion on many other topics such as the information society, the short-term indicators, international trade in services to name only a few.

However, this blooming of activities of the Group associated with the broadening of the agenda and a wider participation has given rise to some criticisms. The last meeting of the Group held in September 2004 in Ottawa coincided with the end of a three year work plan (2001-2004) and, it was felt that the time had come to reflect on the future of the Group. In this context, the Bureau took the opportunity during its 19th meeting to invite two of the founders of the Voorburg Group, Ivan P. Fellegi and Jacob Ryten, to give a critical review of the Group's work and to provide insights on its relevance and its future.

The two speakers pointed out a number of issues and problems facing the Group, which generated a lot of discussions and brainstorming about the mandate and the future work program. Following these discussions the Group mandated the Voorburg

Bureau to review the focus and modalities of the Group, and to prepare a Strategic Vision describing the mandate, the role and the work plan for the future of the Voorburg Group to be presented at the next United Nation Statistical Commission in March 2005.

This Strategic Vision paper presents the results of the discussions and brainstorming on the issues and the choices facing the Voorburg Group. It also presents a proposal for its role, responsibilities and work program to be discussed and vetted at the next United Nations Statistical Commission in March 2005. The paper is divided into five main sections. The first section provides the reader with the historical background on the creation of the Group, followed by a second section presenting the issues and choices. The third and fourth sections propose the vision and a work plan for the Group, ending with a last section on the consultation with the United Nations Statistical Commission (UNSC)

The Voorburg Bureau:

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Mark E. Wallace (US Bureau of Census)

1. HISTORICAL BACKGROUND⁴

The Voorburg Group was founded in 1987 at the initiative of Ivan P. Fellegi and a few of his colleagues from other statistical agencies. The name of the Group was derived from the location of the first meeting in Voorburg, The Netherlands. At first, the idea was not so much to create a Group, but to find solutions to a number of problems that could not be resolved otherwise. The idea of its creation came about for a number of reasons.

First, it originated from the fact that there was a lack of available resources for international bodies such as the United Nations Statistical Division (UNSD) to carry out conceptual and developmental work and more specifically on services. It was clear that more resources were needed to deal with the new issues and challenges especially for services. But this was not the only reason.

The second reason had to do with the fact that service is a conceptually difficult area to deal with. In fact, given the difficulties of defining what are a service product and the huge diversity of different outputs produced by the many service industries, it was perceived that no single conceptual and empirical approach could be easily developed through the traditional mechanisms used until then by the statistical community. At the time it was thought that these difficulties could only be approached: “*through work that cycled through in an iterative manner... involving a great deal of flexibility, and a cycle of generating promising ideas which would be tested in practice, and subsequently modified in light of empirical findings*”.⁵

The third reason for creating a Group was that it was perceived very important to regroup and coordinate the work of individual statistical agencies which had the comparative advantages to make some progress in the area of services. This was to ensure that

- i) it would be possible to convert the widest scope possible of services industries;
- ii) the approaches would converge; and
- iii) countries with fewer resources would be able to benefit from the sharing of best practices.

This resulted in the creation of the Voorburg Group, which was not to be another forum for the exchange of information but, a group of countries with interest and capacity to carry on developmental work between and during meetings, following well-established rules and time-table. The primary objective behind the creation of the Group was:

“to establish an internationally comparable methodology for measuring the deflated or constant dollar outputs of the service industries.”⁶

The success of the development of the CPC, an important element to measure services, was in great part due to the commitment and accountability of the

⁴ This section of the paper draws on the historical summary given by Ivan P. Fellegi and Jacob Ryten in their keynote addresses at the 19th meeting of the Voorburg Group in September 2004 in Ottawa.

⁵ Fellegi, Ivan P. (2004) Keynote address at the 19th meeting of the Voorburg Group in Ottawa, September.

⁶ Fellegi, Ivan P. (2004) op. cit.

contributing countries and good project management by the Bureau. Responsibility of the Voorburg Group ended when the product was handed to the United Nations Statistics Division for preparing the draft statistical standard which would then be adopted by the Statistical Commission. One of the tasks of this body is getting wide input from all member countries, including those who did not participate in the preparation of the initial draft.

Although the Voorburg Group has been quite successful over the years in delivering some tangible outputs, it has also been criticized in the recent past on a number of fronts. The next section reviews what are the main criticisms and issues.

2. ISSUES AND CHOICES⁷

Unfocused Agenda

There is a perception that the agenda has become too unfocused. When comparing the work agenda for the years 2001-2004 with the agenda of the early nineties – when most of the work was concentrated on the development of the Central Product Classification (CPC) – it is clear that the scope of the agenda has broadened enormously. In 2004, for instance, the agenda included producer prices, classification of service products, information society statistics, short term indicators, and revenues by service products.

Here there are two issues: The first one is that with a broad agenda there is a danger that the meeting will lose in focus what it may gain in scope. Indeed, it is much more difficult operationally to have active and focused discussions when the topics on the agenda are broad in scope. It is more difficult to prioritize the tasks to be done, to monitor and to complete them. The second one relates to the mandate or focus of the Group. Within the context of a larger agenda, the objectives that the Group is trying to attain may not be as clear. Now, that the Group has completed the development of the CPC, what is left to be done? What is the focus of the Group, what are the next objectives to be reached and by when will they be reached? These are questions that need to be answered and clarified.

The size of the Group

Over the last decade, the size of the Group has increased substantially. There are two reasons for this. The first one relates to an explicit decision of the Bureau to invite less developed countries to the meeting as observers. This was in response to a previous criticism of international organisations, such as the UNSC, accusing the Voorburg Group, as well as other city groups, of being too elitist and not providing an opportunity for less developed countries to learn from observing the best practices developed during the meetings. It was perceived from these organisations that one of the roles of the Voorburg Group was also to transmit knowledge. The second reason is a direct consequence of having a broader agenda. Indeed, a broader agenda creates difficulties for national offices to determine whom to send to the meeting. This has led to the current situation where we have, on the one hand, specialists in classification and on the other hand, specialists in price statistics. There is no doubt that the broader agenda has increased the attendance to a level where there is a

⁷ This is a summary of the main criticisms made by many heads of statistical agencies, as well as members of the international statistical community over the years.

need for more discipline in the process and communication if we want to encourage active participation from countries specialists. Has the attendance become too large to have focused discussion on a specific project? This remains to be demonstrated.

Lack of concrete timetable and tangible output

Since the completion of the development of the CPC, there is a perception that the Group has made slower progress in developing new standards or best practices. It is well recognized that the Group has been instrumental in helping countries developing their service price index, while developing “best practice” for price indices in a number of areas, such as accounting, transportation, banking and insurance, but it seems to lack:

- i) a clear vision of what needs to be done; and
- ii) a strict timetable with end-dates for presenting finished products to the United Nations Statistical Commission (UNSC).

The issue here is that the Group was originally created to do specific developmental work with a starting date and an ending date and then pass the developmental product to the United Nation Statistical Division for its standardization and further dissemination. Without clear objectives, firm timetable and identifiable products, the Group risks diluting its output and exposing itself even more to criticisms from national and international statistical agencies.

Organisation of the meeting

In the past, meetings of the Voorburg Group were organised with very specific terms of references and the whole process was based on the principles of project management. To achieve this, an organising committee called *the Bureau* was created and was responsible for identifying the projects, the tasks to be accomplished, the people responsible to do them and the timetable. With the broadening of the agenda and participation, there is a perception that the Bureau acts less as a project manager and more as a conference convener, where it tries to get input from the participating countries on work of others rather than contributing to the developmental work.

The issues here relate to the relevance of having another meeting similar to many other meetings or conferences on services, which raises the question of the usefulness of the Voorburg meetings. More specifically, the question is how different is the work of the Voorburg Group from the work done elsewhere by the other groups and institutions.

Over time the Group has reacted to some of these issues and took steps to improve its organisation and its achievements.

Organisation

For instance, given the broad spectrum of topic to be covered, the Group has emphasized the importance of international co-operation both between national and international institutes in order to avoid duplication of work and to further the development of work related to definitions and methodology, needed for the future production of services statistics. As a consequence, the Group has established close co-operation with other international organizations such as the IMF regarding services PPIs, OECD (Information Society Statistics) and other UN groups

(Classification).

Also, to prioritize the immense tasks of developing services statistics, the Voorburg Group at its meeting in 1998 introduced the managing tool of a 3 year work program for the period 1999-2001 with the following topics to be the core activity of the Group: Producer Price Indices (PPI) for services and the classification of service products. Other topics to be addressed were Information Society Statistics, the measurement of demand for services by enterprises and the measurement of nonmarket services with particular reference to the non-profit sector.

The Voorburg Group renewed the previous framework at the 2001 meeting, which for the period 2002 – 2004 consisted of a program to enable in-depth work on a very limited number of core issues (Producer Price Indices, Classifications of service activities and products and Information Society Statistics) and furthermore addressing a few ad-hoc issues (Non-profit institutions, Sales by service products and Short-term indicators) not to be dealt with at each meeting.

Achievements

In addition to the development of the Central Product Classification (CPC), model surveys have been developed for computer services⁸, telecommunications, audiovisual services, marketing research and advertising services, and insurance services. More recently, model surveys have been developed for employment services (1997), education services (1998), demand for services (1999) and ICT usage by enterprises and households (2001-2002). The models are available in the corresponding papers on the web site of the Voorburg Group.

The decision was taken at the meeting in Madrid 2000 to develop a model for presenting international practices in different services activities concerning the measurement of PPI. Principal papers have been completed for the areas of accounting services (2001), telecommunication services (2001), legal services (2001), real estate (2001), advertising services (2002), road freight transport (2002), engineering services (2002), pre-packaged software (2003). The papers are also available on the web site of the Voorburg Group.

In order to make its work available to the international statistical community and users of services statistics, the various outputs and papers from all the meetings of the Group are available at the Voorburg Group website hosted by Statistics Canada <http://www4.statcan.ca/english/voorburg/>. The Voorburg Group website has been improved by Statistics Canada to make the work of the Group in previous years more easily searchable and accessible.

Although, most criticisms have been answered, there are still a few issues to address. These are not only based on perception, but reflect some of the new realities which the Group faces. It is clear that the Group is at a turning point and needs to make some choices.

⁸ Computer Service: A Model Survey of Computer Services (Statistical Papers, Series M, No. 81)),

The choices

At its inception, the Group was essentially confined into its role of developer of new methodologies and focused primarily on classification and output measures of the service sector of the GDP.. With time, the Group evolved and changed in nature which led it to take on new roles and more responsibilities. Not only did it embrace a broader agenda, but it implicitly and explicitly took on some new functions. Indeed, in addition to its fundamental role of developer of new concepts, methods and best practices, the Group became involved in disseminating the results of its development work and in maintaining the work completed earlier, where no other bodies could be identified to perform these functions.

For example, in the last ten years, the Voorburg Group made an explicit decision to open its meeting to observers from less advanced countries, so that they could benefit from the discussion of the contributing members. Doing so, the Group implicitly took on a new function (role) of knowledge transfer on the subject of service. This was in response to the demand of the UNSC, which felt, quite rightly, that part of the mandate of the Voorburg Group was to help knowledge transfer. It is quite clear from the recent meetings that a portion of the work agenda of the Group is dedicated to information exchanges and knowledge transfers. The item on the short term indicators and turnover statistics are good examples of the kind of subjects that were explicitly put on the agenda for discussion purposes rather than for maintenance or development purposes.

The Voorburg Group at its 19th meeting in Ottawa recognized that its agenda was too ambitious and too broad and therefore decided to reduce its scope. The members agreed that, although the Voorburg Group was quite instrumental in launching the work on the measurement of the so-called information society, there were other international organisations such as the OECD that could carry out this work much more efficiently. So what is left of the mandate, scope and activities of the Group?

3. The Vision

In its new vision the Group re-iterates its primary objective which is to develop internationally comparable methodologies for measuring the deflated or constant dollar outputs of the service industries. In order to achieve this, the Group has chosen explicitly to articulate its work agenda over three major thrusts:

- classification
- output measures
- price indices

To fully achieve this primary objective, three major functions must be performed:

1. develop new concepts, methods and best practices;
2. maintain and improve the knowledge base; and
3. disseminate best practices and knowledge transfer.

The first function is the main one and has been at the core since the inception of the Group. The second one is needed, as methods and best practices evolve with time. The Voorburg Group has taken that role implicitly, where there were no other forums to deal with the issues. A similar situation arises for the third function, which is important for countries embarking on new developmental work. The recent

experience of developing price indices shows that the best way of learning about constructing service price indices is to observe, participate and exchange with more advanced countries.

Table 1 presents in a nut shell the scope of the work of the Voorburg Group. As it can be seen, some of the tasks have been completed and others need to be continued. For instance, the major development work for classification for the measurement of output is completed (e.g. CPC). There is some question regarding the need for additional development work in product classification to complement the development work on service price indices. The maintenance for the CPC has been undertaken by the *Technical Subgroup of Expert Group on International Economic and Social Classification* while the dissemination function is being performed by the UN through publication of the CPC, the organisation of regional workshops and the classification web-site.

On the output measures, the Group recognised having completed a great part of its work with the production of the model survey. While the UN has published the model survey as a Technical Paper, there is a need to review the model survey to see if it still stands and if it is used in the development of output measurements. Much of the work on the definition of units of measure for services outputs remains to be done and has for the most part been undertaken as a by-product of the development of service price indices. For the moment, there is no obvious forum for discussion and dissemination of the work and best practices on output measurement other than the Voorburg Group.

Table 1 – Scope and functions of the Voorburg Group⁹

	Classification	Output measures	Price indices
Development	CPC (work completed)	Model surveys (work completed)	Collected papers (in development)
Maintenance	UNSD Technical subgroup	Reviews of model survey	On-going review of best practices
Dissemination/ Knowledge Transfer	UNSD	UN technical paper Voorburg (?)	

Legend:

Work completed
Work almost completed
Work to be done

The recent work agenda of the Group has increasingly been focused on the development work of the service price indices. It is clear that this should be the priority of the Group. Since, there has been a lot of progress in this area in terms of methods, it appears important to review some of the previous work to ensure coherence and that best practices are clearly identified. So some previous development work needs to be reviewed before passing it to the UNSC for dissemination and ongoing maintenance. However, in the absence of any specific

⁹ Paul Johanis presentation of the scope and functions of the Voorburg Group at the Ottawa meeting, September 2004.

mechanisms for this purpose, it is proposed that these functions continue to be performed by the Group. Although, the Manual of the IMF on producer price index has drawn on some of the empirical work of the Group, it remains a reference document which is far too theoretical to be used by practitioners that need to know the basic steps and best practices to build a specific index for a given service activity. The Ottawa Group, which is also involved with price indices, is mainly focusing on the conceptual and methodological issues of the consumer price indices. Some coordination between the two groups is needed on the development of best practices for quality adjustments, which should benefit both groups, but the operational best practices are often quite different. Moreover, the production of the consumer and producer price indices is almost always done by separate production teams and often different organisations, which would make it impossible to join the two groups in one meeting.

4. OBJECTIVES AND WORK PLAN OF THE GROUP (2005-2008)

Objectives

It is proposed that for the next three years, the Voorburg Group develop its work plan according to the three major thrusts and functions identified in Table 1. The main functions of the Group would remain the development of new concepts, methods and best practices. As such, more than two thirds of its work plan should be devoted to the function of development. Clearly this means for the next three years the emphasis will be put towards the development of service price indices. Some developmental activities may also be undertaken in classification and output measurement, as required to complement the work on service price indices.

The remaining work plan should be divided between maintenance and dissemination. Under the heading of maintenance, two major projects need to be done over the next three years:

- i) a review of the best practices established up until now for price indices in order to hand them to the UNSD; and
- ii) a review of the model survey to ensure that they still fit and ensure that they are still viable.

In order to attain these objectives, the Group must, in the short term, do an inventory of the work done in the recent past and establish clearly what remains to be done in terms of development of concepts, methods and best practices. This is essential for a realistic work plan in the development of best practices in the area of price indices

Work Plan

As part of its work plan, the Group proposes the activities presented in Table 2.

Table 2 – Activities and output for year 2005-2006

No	Activities	Output	Timetable
1	Review of best practices for service price indexes	Report of best practices to the UN	March 2006
2	Review of the model survey	Report on the state of the art on model survey	March 2006
3	Establishment of work plan for the development of new best practices for service price indices	Detailed work plan	September 2006
4	Establishment of a work plan for the development of product classification and units of measure linked to service price indices	Detailed work plan	September 2006

The first activity is essential to the development of a detailed work plan for the establishment of new best practices for service price indices. The objective is to present a report that will summarize the progress made in the recent past and to document the best practices for dissemination by the Group and the UN.

The objective of the second activity is to document the work done and to determine if the development work on the model survey is indeed completed.

The third and fourth activities will provide the detailed work plan for the next three years providing objectives to be attained (e.g. the number of service price indices to be examined in respect of their economic importance) and identifying responsibilities for carrying out the work

At the next meeting of the Voorburg Group, in September 2005, the Bureau will present the detailed work plan to be approved by the members of the Group, so that countries commit themselves and become accountable for the work of the Group.

Operations

Finally, in response to some of the criticisms about the organisation of the meeting itself, the Bureau proposes to reinforce the role of the session leaders in the establishment and implementation of the work plan between and during meetings. This will ensure that the work is done during the year and that high quality products are presented to the meetings. In addition, the Bureau suggests that each session ends with a review of the work and recommendation for best practices or future work. This will allow a thorough follow up of the work done by the Group and enable an informed discussion on the future work plan of the Voorburg Group.

5. CONSULTATION WITH THE UNSC

However, before launching this new Vision, it is important to consult with the UNSC on the scope and functions of the Voorburg Group. To this effect, there are a number of questions that the members of the UNSC need to address, at the next meeting in March 2005, to help clarify the roles and responsibilities of the Voorburg Group:

1. Is the mandate of the Group still to establish internationally comparable methods for the proper measurement of the service sector of the economy in current and constant prices?
2. Is the function of the Group to develop concepts, methods and best practices in the areas of classification, output measures and price indices?
3. Is the function of the Group to Maintain and adjust concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?
4. Is the function of the Group to Transfer knowledge on concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?

Appendix B – Voorburg Group Content Development Framework (CDF)

In 2006, the Voorburg Group adopted a Content Development Framework to guide the Group's work on different Service Sector industries. The CDF is what established the VG approach of developing “mini-presentations”, separately done on turnover/output and producer prices, and “sector papers”, covering best practices for prices, outputs, and classifications. This Appendix reproduces the information on the CDF found in the Meetings part of the permanent website and more detailed information on the goals and process for “mini-presentations”, “sector papers”, and “revisited sector paper”. Note that starting in 2012 the VG introduced the concept of “updated sector papers” as well, which updates work on a previously completed sector paper in response to changes in the economy or industry since the original sector paper was written. “Updated sector papers” differ from “revisited sector papers” in that the latter focused on creating a sector paper for an industry which the VG had previously studied prior to starting the use of the CDF.

2006: Content Development Framework (CDF)

The purpose of the CDF is to provide a much more structured approach to developing mini-presentations and sector papers covering different service industries and for organizing the format and conduct of the Voorburg Group meetings.

The CDF essentially calls for industry specific papers to be prepared by participating countries according to a predefined template, including specific methodological guidelines, and requires that the papers cover pre-established topics related to the Group's three main domains of interest (turnover, prices and classification), as well as the national accounting perspective.

This approach ensures that the content of the papers are more comparable and standardized, thus facilitating the exchange of knowledge and expertise as well as discussion of issues. The papers are presented, critiqued, and discussed in **Mini-Presentations** during the Group's meetings (and available on the Group's website).

This substantive content material as well as the output from the discussions, in turn, serve as key inputs to produce, discuss, and adopt **Sector papers** (usually presented in the following year)¹⁰ that present a set of key methodological guidelines for the development and production of Service industry statistics. As concrete deliverables from the Voorburg Group meetings, these sector papers are intended to become reference material for statisticians that oversee the development and compilation of Service Sector statistics in the various countries and international organizations.

Primers

Mini-Presentations

The mini-presentation (output and prices) is part of the Voorburg Group Content Development Framework (CDF). The purpose of the CDF is to provide a structured approach to developing mini-presentations and sector papers.

The mini-presentation covers a given industry or parts of an industry. The presentation is given by invited participants and serves as a basis for discussion of the issues involved.

The CDF essentially calls for industry specific papers to be prepared by participating countries according to a predetermined template, including specific methodological guidelines. It further requires that the papers cover pre-established topics related to the Group's three main domains of interest (**output, prices and classification**) as well as the **national accounting** perspective.

This approach ensures that the content of the papers are more comparable and standardized, thus facilitating the exchange of knowledge and expertise as well as discussion of issues. The papers are presented, critiqued and discussed in mini-presentations during the Group's meeting.

¹⁰ In some cases, the VG has decided that an industry is not ready yet for a Sector Paper and either requires more study and discussion or more experience among member NSOs. For example, this was the case with distributive trades (wholesale and retail trade), which the VG studied for several years before writing and approving a Sector Paper.

Sector Papers

The process leading up to a **sector paper** for a given industry is sequential starting in year 1 with mini-presentations (on prices, output and classification) from invited participants. The substantive content materials as well as the output from the discussions, in turn may serve as key inputs to produce, discuss and adopt **sector papers** (presented in year 2).

The sector paper presents a set of key methodological guidelines for the development and production of the service industry covered. As concrete deliverables from the Voorburg Group meetings, these papers are intended to become reference material for statisticians who oversee the development and compilation of Service Sector statistics in the various countries and international organizations.

Revisited Sector Papers

This term refers to the Voorburg Group production process in which the sector paper for a given industry is an output. The preparation of **re-visited sector paper** entails building upon previously issued mini-presentations on prices (presented prior to 2006) for an industry / industry group by adding turnover / output details. The re-visited sector papers follow the revised guidelines for the format and content of Sector Papers.

Appendix C – List of Sector Papers and Other Accomplishments of the Voorburg Group Since 2006

This Appendix provides access to an Excel spreadsheet with a list of Sector Papers and related materials developed by the Voorburg Group since the renewal of its mandate in 2005. It demonstrates that the VG has largely accomplished the work plan first established that year – those industries for which we have not yet done a sector paper are typically those for which NSOs either have sparse experience and/or for which the Group has decided are not significant enough yet in the global economy. To access the Excel spreadsheet, just



VG_SPs_RSPs_USPs_
Other_7Sept2015.xls

double click on this object icon: .

Among the industries that the Voorburg Group has studied over the past eight years but for which the Group chose not to write a sector paper are:

6311 Data processing, hosting and related activities

6312 Web portals

7210 Research and experimental development on natural sciences and engineering

7220 Research and experimental development on social sciences and humanities

7740 Leasing of intellectual property and similar products, except copyrighted works (there is an Issue Paper on the agenda at VG2015)

8610 Hospital activities

8620 Medical and dental practice activities

8690 Other human health activities

In 2005-06, the Voorburg Group did some work on identifying industry groupings that would be targeted for potential study toward writing of a sector paper. There were 59 of these groupings initially but once discussed by the Group the targets were modified though the current Bureau has been unable to identify exactly how. Nevertheless, there are industries listed among the 59 industry groupings that have never been targeted for study by the Group. These do tend to be those with which NSOs have very sparse experience to date, especially in regard to SPPIs. More information is available on those industries upon request.