

25th Voorburg Group Meeting

Vienna, Austria

September 20th to September 24th 2010

Mini Presentation

**Turnover for Combined Facility Services and Cleaning Activities
Norway**

Jakob Kalko

Jakob.kalko@ssb.no

Statistics Norway

Table of contents

1	Introduction	3
2	Definition of the sector	3
3	Combined Facility Services in Norway	5
4	Cleaning Activities in Norway	6
5	Surveys on turnover	8
5.1	Structural Business Statistics	8
5.1.1	Methodology within the survey for structural business statistics	8
5.1.2	Development of the use of data sources from 2000-2008	10
5.1.3	Limitations and uncertainty	11
5.2	Short-term statistic. Quarterly turnover	11
5.2.1	Methodology for the short-term statistic	11
5.2.2	Limitations and uncertainty	12
6	Comparison with other statistics	13
6.1	Comparison between SBS and STS	13
6.2	Comparisons with other statistics	14
7	Summary	15

1 Introduction

The paper will make a short presentation of the surveys Statistics Norway have about turnover within Combined Facility Services and Cleaning Activities. Definition of the sector will be made. Description of activities, surveys for turnover and comparison between the surveys will continue the paper. The paper finishes with a short summary.

2 Definition of the sector

According to Nace Rev. 2, Combined Facility Services and Cleaning Services belong to division 81, Services to Buildings and Landscape. Combined Facility Services belongs to industrygroup 81.1. Cleaning Services are classified in industry group 81.2, which is divided into three industry classes.

Table 1. Nace Rev 2 and ISIC Rev. 4

NACE Rev. 2			ISIC Rev. 4
Group	Class	Description	
81.1 Combined Facility Services	81.1 Combined Facility Services	Combination of support services within a clients property (e.g. cleaning, maintenance, security services)	8110
81.2 Cleaning Services	81.21 General Cleaning Services of Buildings	Normal, non-specialised cleaning of buildings	8121
	81.22 Other Building and Industrial Cleaning Services	Industrial, window, furnace, chimney and other specialised cleaning services	8129
	81.29 Other Cleaning Services	Disinfection, exterminating, sweeping, snow removal and sanitation services	8129

The introduction of Nace Rev. 2 had only limited impact on the populations compared to Nace Rev. 1.1 within both areas.

Table 2. Nace Rev 1.1 and Nace Rev 2

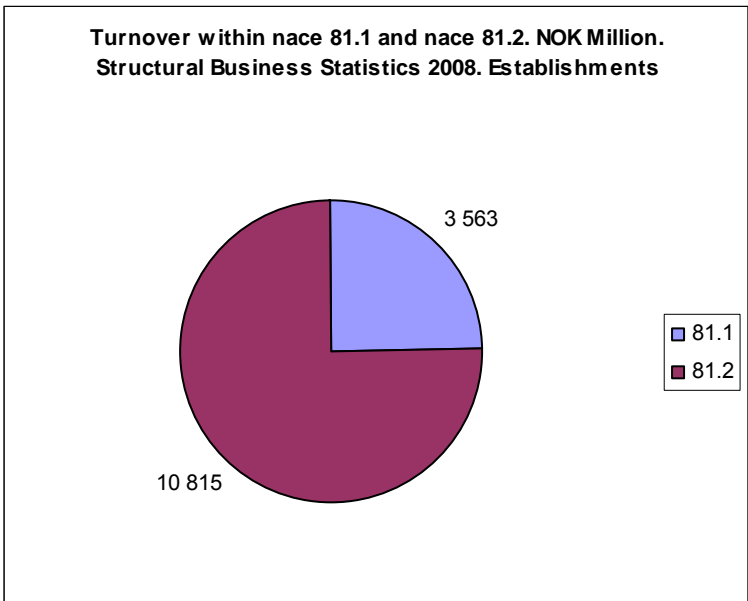
NACE Rev 1.1			Nace Rev 2	
Code	Description		Code	Description
70.322	Caretakers Activities	→	81.1	Combined Facility Services
74.7	Industrial Cleaning	→	81.21	General Cleaning Services of Buildings
74.7	Industrial Cleaning	→	81.22	Other Building and Industrial Cleaning Activities
74.7	Industrial Cleaning	→	81.29	Other Cleaning Services
90.030	Sanitation, remediation and similar activities	→	81.29	Other Cleaning Services

Table 2 shows that Norway was operating with a national level in Nace Rev 1.1 within the industry class 70.32, Management of real estate on a fee or contract basis. Nace 70.322 corresponds exactly with Nace Rev 2, 81.1. Besides from this the following points are to be mentioned:

- Nace Rev.1.1 has been divided into 3 classes (four-digit level).
- Some units from Nace 90.030 are now included in Nace Rev 2, 81.29. 25-30 per cent of the turnover in 81.29 can be referred to these units. At 3 digit level, these units only accounts for 2-3 per cent of the total turnover in Nace 81.2.

Figure 1 shows the total turnover within Nace 81.1 and 81.2 in 2008.

Figure 1. Turnover in Nace 81.1 and 81.2. 2008.



3 Combined Facility Services in Norway

Activities within Combined facility services cover many areas.

- General caretaking activities indoor/outdoor
- Cleaning activities
- Seasonal activities like snow clearing and grass cutting (and other garden work)
- Security activities
- Activities within plumbing, carpentering, painting and electricity

The largest player in the industry offers also services within office support and canteens.

**Table 3. Selected variables, divided by employment groups. Nace 81.1
2008 Structural Business Statistics**

Employmentgroups	2008		
	Establishments	Employment	Turnover
0-9	96,6 %	49,7 %	39,9 %
10-19	2,3 %	31,3 %	26,2 %
20-49	1,0 %	16,9 %	16,8 %
50 +	0,1 %	16,1 %	17,1 %
Total	100,0 %	100,0 %	100,0 %

The industry group consists of many small players, accounting for a significant part of the turnover. 99 per cent of the establishments had 0-19 persons employed and accounted for 66 per cent of the total turnover in 2008.

**Figure 2. Establishments, employment and turnover. Nace 81.1.
2002-2008. Structural Business Statistics**

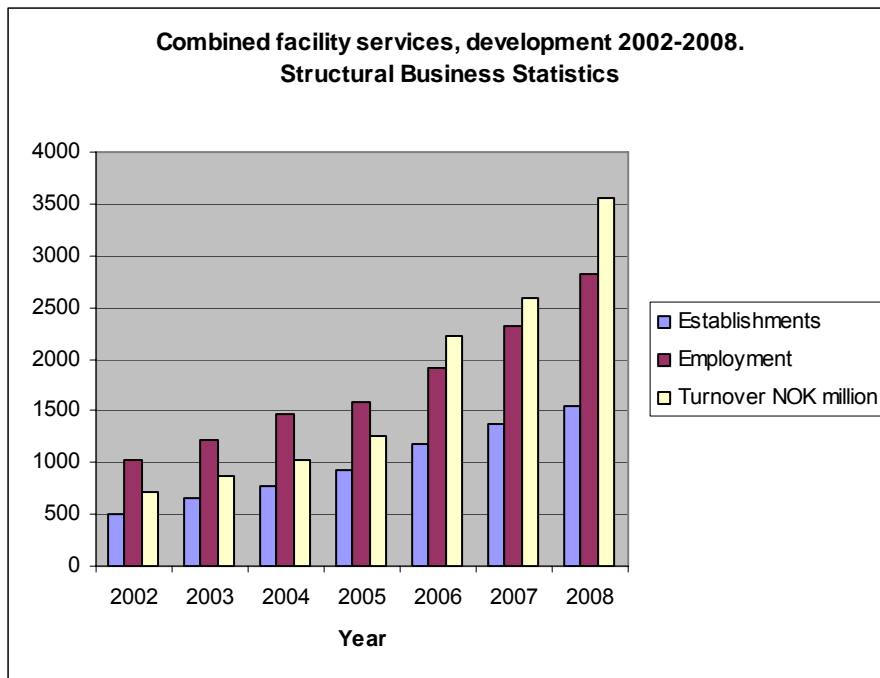


Figure 2 shows that there has been continuing growth since 2002 within this industry class. It should be added that the large growth between 2005-2006 and 2007-2008 is due to change of industry class for some large units.

4 Cleaning Activities in Norway

The units operating within Cleaning Activities in Norway offers different services to different business sectors and the households.

- Spring cleaning
- Window cleaning
- Polishing and maintenance of floors
- Cleaning of computers/telephones/videos and other inventory
- Specialized cleaning services for industry buildings
- Cleaning services of buildings during the construction period
- Services to the food industry within hygienic in the production process

General Cleaning Services of Buildings is the largest class within cleaning activities in Norway. Figure 3 shows that almost 80 percent of the turnover belongs to this class.

Figure 3. Turnover by industry class. Nace 81.2. 2008.

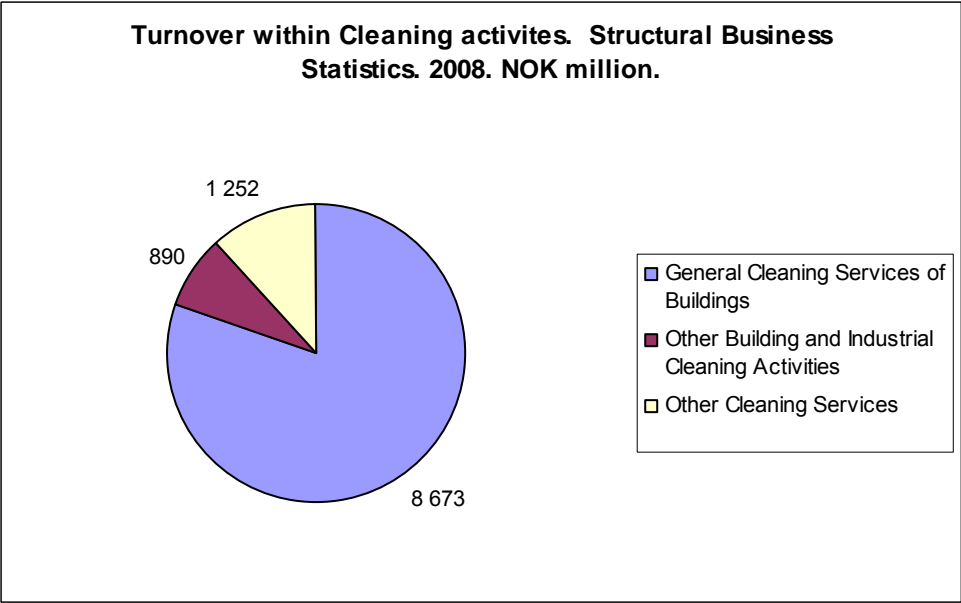


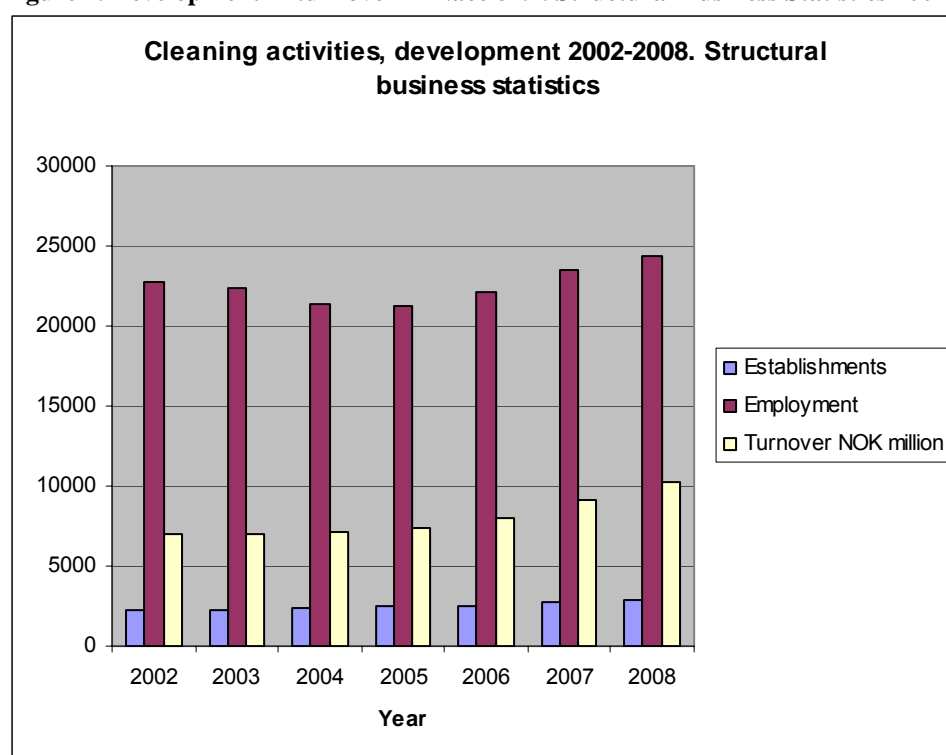
Table 4 shows the number of establishments, employment and turnover divided by employment groups

Table 4. Selected variables, divided by employment groups. Nace 81.2. Structural Business Statistics. 2008

Employment groups	2008		
	Establishments	Employment	Turnover NOK mill
0-9	86,8 %	18,7 %	21,4 %
10-19	5,9 %	10,7 %	10,7 %
20-49	4,1 %	16,6 %	16,7 %
50 +	3,2 %	54,0 %	51,2 %
Total	100,00 %	100,00 %	100,00 %

Approximately 7 per cent of the establishments cover 2/3 of the total turnover in 2008.

Figure 4. Development in turnover in Nace 81.2. Structural Business Statistics 2002-2008



The development in turnover was steady from 2002 to 2005, rising by only 5 per cent in this period. In the same period, the number of establishments was also steady, while the number of employees decreased.

From 2005 to 2008, the turnover increased by 40 per cent to more than 10 NOK billion. The number of employees increased by almost 6 000 persons in the same period.

5 Surveys on turnover

Norway is obliged to provide Eurostat with data concerning turnover:

1. Regulation No. 295/2008 concerning structural business statistics. The structural business statistic is an annually statistic. Data to be delivered covers also many other economic variables than turnover. Deadline for delivery of final data is 18 months after the end of the reference year. Preliminary data (no. of enterprises, employment and turnover at 3- digit level) should be delivered 10 months after the end of the reference year.
2. Council regulation concerning No. 1165/98 of 19 May concerning short-term statistics. This statistic is a quarterly statistics. Turnover variable is to be transmitted to Eurostat 60 days after the end of the reference period. Nace 81.1 is not covered by this regulation, but data are produced and published every quarter.
3. National accounts are depending on the structural business statistics to create the final year national account and on the short term statistic for the quarterly national account. Section level is the main focus for national account, but the background for the development is also of interest. 81.1 and 81.2 contributes in this way.

5.1 Structural Business Statistics

The statistic is an annually statistic, producing absolute figures.

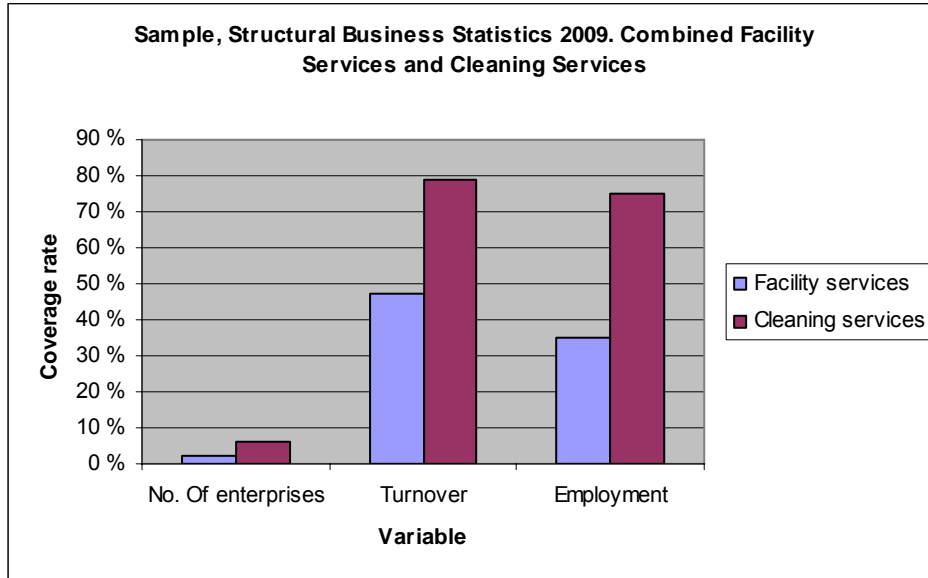
It covers all units (no cut-off according to size) within the business sector.

5.1.1 Methodology within the survey for structural business statistics

The sample is stratified after employment groups and 5-digit Nace level. Statistical unit is enterprise, but data at the establishment level are also produced. The population file created for the sample drawing is based on information from the Norwegian Business Register. This register is administrated and updated by Statistics Norway.

For the reference year 2009, figure 5 shows the relation between sample and the population for combined facility services and cleaning activities.

Figure 5. Coverage rate in the sample. Structural Business Statistics. 2009.



The enterprises in the sample should deliver their accounts either by paper or electronically to Statistics Norway. In addition they have to deliver a questionnaire.

If the enterprise consists of more than one establishment, the respondent is asked to divide turnover, operational income, wages and gross investments (acquisitions and sales) between the establishments. The questionnaire also includes other questions, which do not concern turnover. Information concerning employment is collected from administrative registers.

In addition information about turnover is also collected for enterprises **outside** the sample after the following priority of sources:

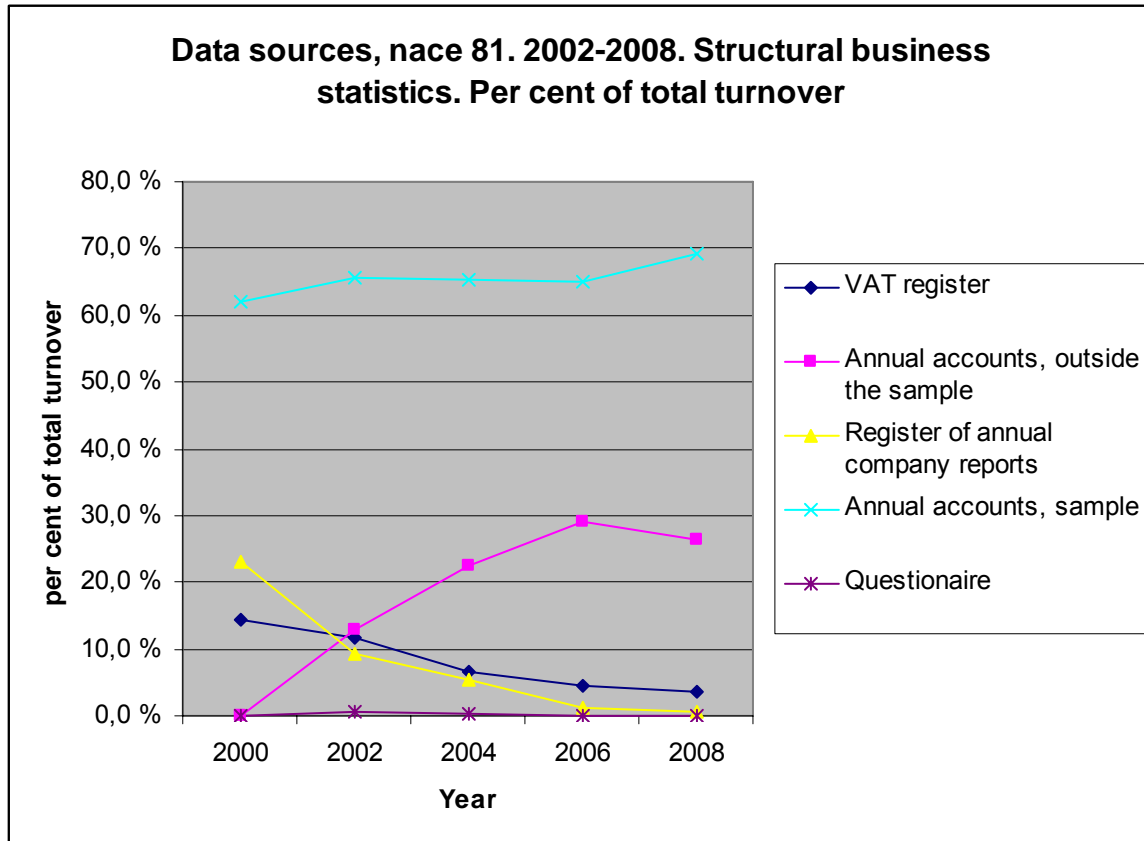
1. Annual accounts from the tax-authorities, electronic versions. Paper versions are not collected anymore.
2. If turnover is not available from 1) our next source is the Register of Annual Company Reports. This register has turnover information for the joint-stock companies.
3. If turnover information is not available from 1) or 2) information from VAT-register is used.
4. If turnover information is not available from 1), 2) or 3) questionnaires are send out to the remaining enterprises, asking for turnover.

The summary of the above is that we get turnover information from every unit in the statistical population.

5.1.2 Development of the use of data sources from 2000-2008

The use of the sources for collecting turnover within Facility Services and Cleaning services (and Structural Business Statistics in general) has changed since 2000, which is illustrated in figure 6.

Figure 6. Data sources. Nace 81. Structural Business Statistics Per cent of total turnover.



Especially from 2000-2006, annual accounts from enterprises outside the sample, replaced the VAT register and the register of annual company reports as data source. It has increased the quality of the turnover variable, but the impact has been even larger for other economic variables like value added and production value, which are estimated primarily through detailed information from the annual accounts. The development reflects the fact that an increasing part of the enterprises through the last eight years are reporting their accountings electronically and not by paper.

The turnover questionnaires sent out is close to zero within this industry. The reason is that enterprises within Nace 81.1 and 81.2 are obliged to report VAT to the tax-authorities.

5.1.3 Limitations and uncertainty

The survey does not collect data at the product level for Nace 81.1 and 81.2.

In the Structural Business Statistics, the Central Register of Establishments and Enterprises, the Register of Annual Company Reports, the VAT Register and the Register of Employees and Employers are used in order to define the population and help collect the necessary data.

Errors in these administrative registers - like time gaps in registration, incorrectly identified unit characteristics etc. may therefore be a potential source of uncertainty in the statistics.

It is suspected that the level of turnover in 81.2 is systematically larger than our figures shows, due to black economy. However, the scope of this is not clear. NHO service, which is a trade organization in Norway, has estimated that turnover within this “sector” accounts for 1-2 NOK billion. If this estimate is correct it accounts for 10-20 percent of the total turnover within cleaning activities.

5.2 Short-term statistic. Quarterly turnover

The statistic is an quarterly index and no absolute figures are published.

It covers all units within the business sector.

5.2.1 Methodology for the short-term statistic

For Nace 81.1 and 81.2 all turnover information is available from the VAT-register. Data are collected at enterprise level but are published at establishment level

The population is based on information from the Norwegian Business Register and is updated constantly during the production period. The index is published 55-60 days after the end of the reference period, but figures can be changed until the Structural Business Statistics for the same reference year is finished. This means that figures can change from 5-8 quarters after the first release.

The enterprises report their turnover to the tax-authorities on a two-monthly basis. Data are available for Statistics Norway 58 days after the end of the reference period. This provides us with some challenges keeping the deadline for transmission of quarterly figures to Eurostat, which is 60 days after the end of the referenceperiod.

Table 5. Delivery of VAT-data

Reference period	Data available
January/february	28th april
March/april	28th june
May/june	28th august
July/august	28th october
September/october	28th december
November/december	28th february

Turnover in the periods which includes two quarters (March/April and September/October) are divided based on the number of working days in each month.

Table 6 shows that for every quarter we have a lack of data, when figures are published.

Table 6. Available data for publishing

	Release	Data available
1'st quarter	30. May	January, february
2'nd quarter	30. August	April
3'rd quarter	30. November	July, august
4th quarter	1'st March	October

For instance, when the 1st quarter is published we have only received data for the first term (January and February), and we have to estimate the month of March. This estimation is based on the development from the 1st to the 2nd term (January/february – march/april) previous year.

5.2.2 Limitations and uncertainty

Errors in administrative registers, especially due to wrong Nace code can be a source to errors.

Turnover reported by the VAT-units sometimes includes sales of fixed assets and/or public subsidies. The largest errors are often discovered during the revision of the data, but for smaller errors this is not always possible.

VAT units are enterprises. Breakdown of turnover to establishments is done by keys from the Structural Business statistic. These keys can be up to two years old.

In the case where we do not have access to keys for specific enterprise, information about employment at establishment level is used too divide the turnover. This also represents some uncertainty.

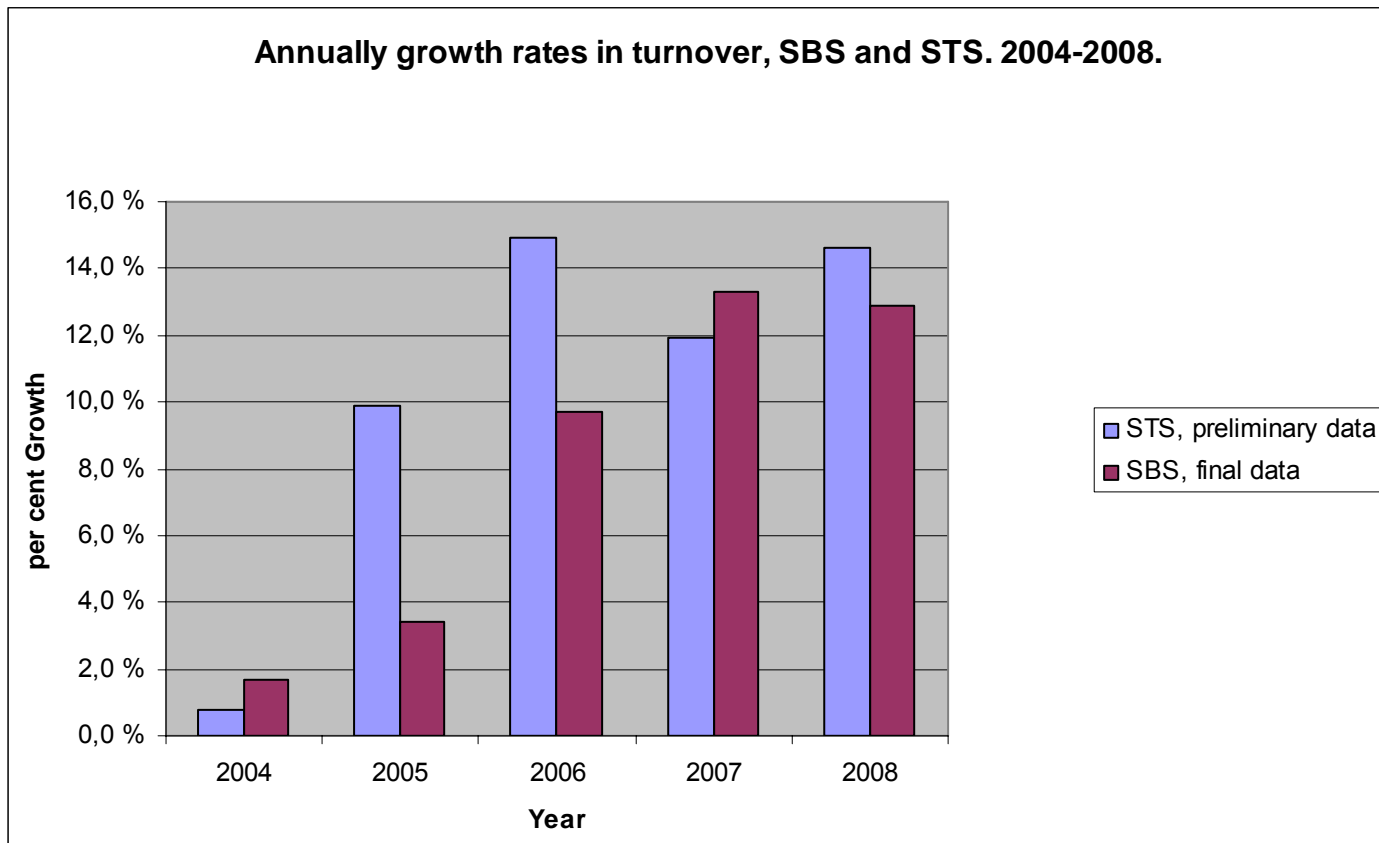
6 Comparison with other statistics

6.1 Comparison between SBS and STS

When finishing the Structural Business Statistic (SBS), the annual growth rates are always compared with the quarterly turnover index (STS). Data in the turnover index can be revised until the Structural Business Statistic for the same reference year is finished. This means the figures published for the STS should be considered as preliminary 5-8 quarters after the first release.

Figure 7 shows the comparison between the preliminary STS data (first time release) versus the final Structural Business Statistics. It gives an indication of how well the turnover index has predicted the growth, since we consider the SBS results as the final figures.

Figure 7 Annually growth rates in turnover, SBS and STS data. 2004-2008



The differences in the results can be explained by primarily two factors:

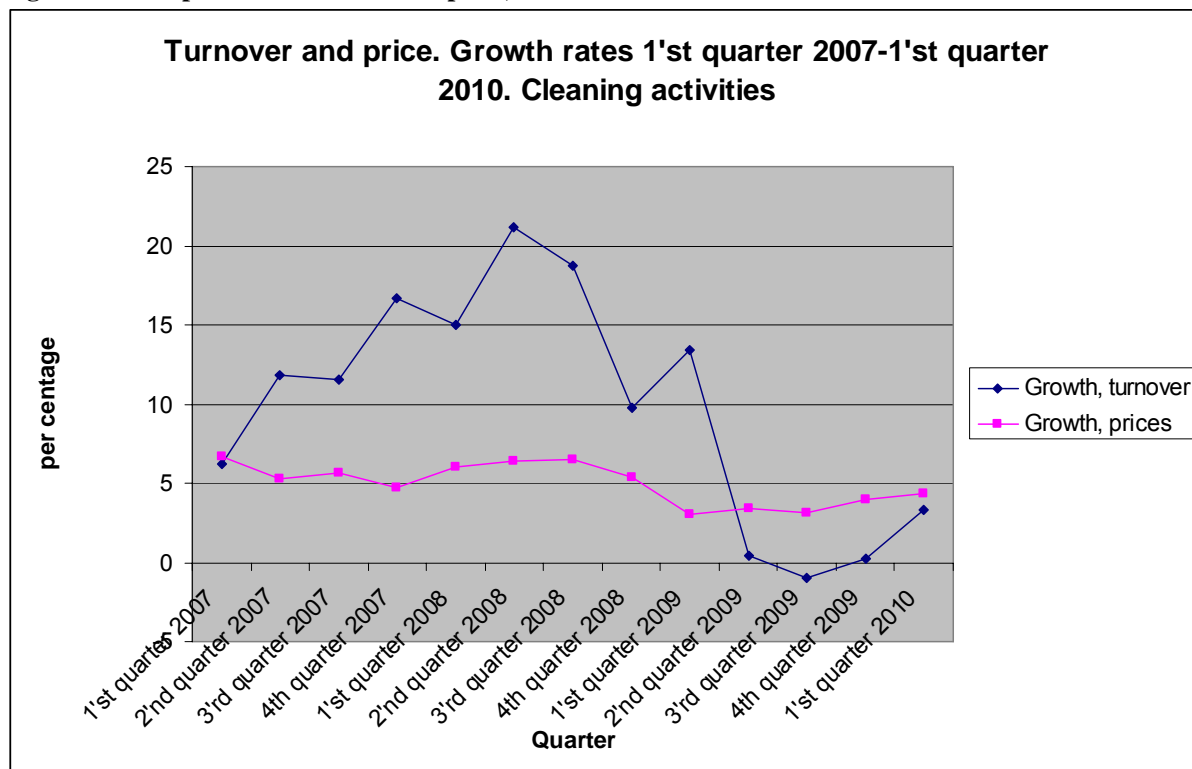
- Differences in Nace code is a potential source for error. If there is an error in the Nace code for a unit in the quarterly turnover index, it is usually not discovered before the unit is revised in connection with the SBS, where we have access to annual accounts and reports.

Another reason is that within enterprises which consists of establishments with different Nace codes, the turnover is divided in the STS through rather old keys (from SBS t-2) and do not reflect the real structure within the largest enterprises.

6.2 Comparisons with other statistics

Statistics Norway produces a quarterly price index for Cleaning Activities. Figure 8 shows the development in turnover and output prices from 1'st quarter 2007-1'st quarter 2010

Figure 8 Development in turnover and price, Nace 81.2.



The figure shows that the price development is very stable, even in periods with fluctuations in turnover. It indicates that fluctuations are mainly a result of changes in volume. The industry is labour intensive and wages accounts for approximately for 60 per cent of the total operational costs according to the SBS 2008. One possible explanation for the limited change in growth rate prices, even in periods with large growth rates in turnover can be that in the short run the price development is more dependent on the wage level than business cycle. It can be added that after 3 years (2005-2008) with a high growth rate, preliminary STS data indicates that also this industry has been influenced by the financial crisis in 2009.

7 Summary

- Statistics Norway has two surveys, which produce turnover data for Nace 81.1 and 81.2. An annually statistic which produces absolute figures and a quarterly turnover index. For both surveys the published turnover data is based on information from all units in the population.
- Turnover for Cleaning Activities has increased significantly from 2005-2008 and has exceeded NOK 10 billion in 2008. Preliminary STS data indicates that the high growth has stopped in 2009.
- Comparison with the quarterly priceindex shows that changes in turnover in the period 2007-2010 primarily are a result of changes in volume, not in prices.