

OECD Progress Report on Services Statistics for the Voorburg Group

Tokyo 6-10 October 2003

This report sets out OECD progress in those areas of services statistics that are identified in the Voorburg Group programme, where the Organisation is active namely:- 1 Services PPI; 2 Classifications; 3 Information society statistics; 4 Short-term indicators. It also provides a summary of OECD activity on health indicators and accounts, currently of considerable interest politically, which may be of interest to the Group.

The United Nations Statistics Commission in 2003 invited OECD to assist it with the coordination of international work on services statistics and a discussion paper on this is presented to the Strategy session of this meeting.

1 Services PPI

The OECD co-hosts the Joint OECD-Eurostat Task Force on Service Prices in Short-Term Statistics that was established at the Voorburg Group meeting, 2002. The TF has had three meetings to date. The work of the TF is closely connected to the development of an EU regulation by setting priorities to develop various PPIs. Developing methodology is not in the mandate of the TF but rather it aims to profit from the work carried out under the auspices of the Voorburg Group. The OECD acts also as a bridge between European countries and non-European OECD member countries by passing information on the TF work outside Europe.

The OECD website on prices has been updated by the inclusion of the PPI inventory results for 2002 and by other related information including information on the TF. Updating work will continue and the PPI inventory will be replaced by the 2003 results as soon as they are agreed by countries. There is also a strong need and an intention to develop the website further, particularly by providing more detailed information on methodological practices and links to relevant websites.

2 Classification of service activities/products

OECD does not have a classification committee as such, but specialist statistics expert groups which may from time to time take an interest in developing certain aspects of classifications for their particular purposes. OECD is however a major and diverse user of ISIC to publish internationally comparable economic statistics by activity and in this is often frustrated insofar as member countries are unable to relate their domestic statistics to ISIC. This problem is most severe in the service sector. OECD participates in the UN TSG on classifications and is actively consulting its analysts on the current UN proposals on the revised ISIC structure, to which it will respond.

3 Information society statistics

Introduction/background

The OECD's Working Party on Indicators for the Information Society (WPIIS) has been addressing the need for international standards for Information and Communication Technology (ICT) statistics since 1997. Since its inception, the WPIIS has emphasised ICT production and consumption statistics, with the following standards now in place:

- a classification of the ICT sector
- definitions of e-commerce transactions (Internet and all computer-mediated networks)
- model questionnaires covering ICT use and e-commerce by businesses, households and individuals.

Main achievements for WPIIS in 2002-2003

- Substantial progress has been made in developing a classification of ICT manufactured goods, with finalisation expected by the end of 2003.
- First proposals were put to the 2003 meeting on measurement of: e-business processes; individuals' use of mobile phones and email; ICT investment; and, e-commerce in the financial sector.

- Work has commenced on a statistical framework for information society measurement. The main aim of the Framework is to provide users and compilers of information society statistics with a set of methodological references.
- Publication in hardcopy and on the Web of "Measuring the Information Economy", a major compendium of official statistics on the Information Society, see www.oecd.org/sti/measuring-infoeconomy.

The main issues and challenges facing WPIIS

There are many statistical issues and challenges in the Information Society field. The short to medium term work program includes tackling a number of these as follows:

- further progressing the first proposals listed above
- developing the statistical framework to a point of practical use
- making substantial progress on a classification of ICT services
- expanding measurement of use of government electronic services (by individuals and businesses)
- reviewing and updating the model questionnaires for household/individual and business use of ICT/e-commerce
- streamlining data collection to reduce burden on member countries and better align core data items with Eurostat collections.

Future challenges and priorities

There is considerable interest in measurement of digital content from both an industry and a commodity aspect. The WPIIS has examined this area on several occasions but has not yet reached agreement on the scope of the topic nor the best approach to its measurement.

There is likewise great interest in measuring the impacts of ICT and e-commerce. In recent years, this area has been approached by case study and analysis rather than by direct statistical collection. There are many challenges inherent in this work including availability of comparable data and lack of an international framework for linking those data.

The OECD is committed to working with non-member countries in the area of Information Society statistics. The framework described above is one avenue for improving outreach to non-members. Other work will include facilitating debate on a set of comparable ICT indicators and compiling available data from non-member countries.

Suggestions from the Voorburg for other areas of future work would be welcomed.

4 Short-term Indicators

Introduction

OECD has been playing a leading role to broaden the availability of short-term indicators for the services sector for a couple of years via the activities of the Short-Term Indicators for Services Task Force (STIS-TF). These activities entail development of short-term supply and demand indicators, focusing initially on indices of services production.

Progress made to June 2003

Identification of initial work priorities

After the initial meeting in June 2002, the group agreed a work program and the OECD prepared a note, "Short-Term Indicators for Services Task Force– Initial views on activities", which outlined a range of possible issues and work to be covered by the STIS-TF, such as the elaboration of concepts, outputs, areas where TF members wish to contribute, organisation of future work and an initial timeframe leading up to the STESEG meeting in June 2003. It was agreed that the task force would cover supply and demand indicators for short-term services activities. The focus of task force work until June 2003 was on issues related to monthly and quarterly indices of services production (ISP) for the entire services sector (or as broad a subset of services as possible).

The task force agreed on three priority areas of work related to the short-term ISP, to:

- identify the most common practices of OECD Member countries to compile monthly or quarterly ISPs;
- formulate recommendations for the most suitable variables to measure various service activities in the short-term;
- propose harmonised or standardised definitions or titles for key variables in short-term service production (and possibly demand).

As a first step to identify the most common practices of OECD Member countries with respect to the compilation of ISPs, the OECD prepared a questionnaire to collect information on national practices for monthly ISPs and other relevant indicators. The UK, Korea, Finland and Canada provided input on their services production activities; Hungary, Mexico, Iceland, and USA for services turnover. The OECD prepared a note which illustrated the national practices of a selected group of OECD Member countries, i.e. Canada, Korea and the UK, to compile monthly ISPs.

Summary of review of national practices with respect to monthly ISPs of Canada, Korea and UK

Comparisons of national practices were made for various criteria such as variables used to measure the activity, coverage, frequency and timeliness of the data, and deflators. The information analysed was obtained in responses to the questionnaire. Although the analysis was based on a very small number of countries the issues and problems identified are no doubt relevant to other OECD Members.

The initial analysis of the questionnaires identified significant differences in the following areas:

- Compilation methodologies: Canada uses value-added converted from gross output, though the UK and Korea, in general, use gross output weighted according to value-added in the base year.
- Titles for the measure of service production activities.
- Coverage of monthly indicators: ISIC Categories G to P is covered by Canada and UK but Categories L and P are excluded by Korea; and inclusion of sub-sectors or various activities within an activity are different across countries.
- Types of variables: use of value and volume data, different terminologies for the same or similar variables, and possible differences for the same terminologies.
- Types of deflators used to convert value data to volume.

Views of task force members on differences in national practices with respect to compilation of ISPs

- With regard to the harmonisation of the differences, it would be an advantage if the title used for the indicator revealed the nature of indices, in particular, ISPs. Agreement on definitions for services indicators is essential.
 - However, differences in national practices may remain due to a number of constraints, e.g. resources, organisation priorities, statistical environment, etc. In particular, national classifications are difficult to harmonise in short-term.
- There is a preference for monthly ISPs with given user needs such as business cycle analysis and the compilation of quarterly national accounts.
- The Eurostat manual on short-term business statistics (2002) could be a starting point for services
- Members will provide STIS-TF with necessary information on their own countries with respect to services sectors, regardless of their participation in the task force.

Future work of STIS-TF

During the period between the second half of 2003 and 2004, the task force will tackle the remaining tasks on the compilation of the monthly index for services production.

- identify the most common or optimal practices of the OECD;
 - recommend the most suitable variables used to measure various short-term services activities to be commenced in September 2003;

- harmonise or standardise definitions or titles for key variables of short-term service production.
- In 2004, the task force will launch work on:
 - Demand indicators for services: Statistics Denmark will lead in conjunction with their work in the Eurostat context.
 - The preparation of final output of the task force will be in the form of a document/manual whose content will evolve as the required input is received from task force members and national sources.
- From 2004 Prepare a document/manual that can be used as a basis for guidelines to compile short-term index for services production activities;
- Launch work on demand indicators for services sector.

5. Other issues: - Health project and health accounts

OECD Health Project

The OECD Human Resources for Health Care project addresses conceptual and methodological issues for defining and collecting data on health employment indicators to enhance cross-national and time-trend comparability. The main objective of this project is to present and harmonise data from multiple primary and secondary data sources to aid in developing an international evidence base on health employment indicators.

The OECD Private Health Insurance project collects administrative data on private health insurance markets in OECD countries from relevant government bodies through a homogeneous survey instrument. Harmonisation of data from different sources (for example administrative data and data collected by non-governmental sources such as industry groups) and from different data collection efforts (including Systems of Health Accounting and OECD Health Data) constitutes an important component of the project.

Health Accounting

The main achievements of the OECD Secretariat in the recent period 2002-2003;

The availability and comparability of expenditure data in *OECD Health Data* have both been improved. The main concepts of the International Classification for Health Accounts (SHA-ICHA) have been introduced into the *OECD Health Data* as a reference for the variable definitions.

The Secretariat has encouraged the implementation of the System of Health Accounts (SHA) by organising experts meetings in 2002 and 2003, and through bilateral consultations. As of September 2003, a major SHA study has been undertaken or it is currently under way (or in a preparatory phase) in 24 OECD countries.

OECD is currently working on a Working Paper titled “SHA-based National Health Accounts in OECD countries” which aims to provide a framework for regular publishing and comparative analysis of the results from SHA-based national health accounts; as well as to highlight the existing departures of national health accounts from the SHA-ICHA.

Health at a Glance, a publication which complements *OECD Health Data* is due to be published by mid October. Some of the core indicators of health spending and financing are included, with a brief explanation of trends and cross country comparisons using text, charts and tables.

The main issues and challenges facing the Secretariat;

- To further harmonize the national versions of the SHA with the SHA-ICHA.
- To develop an appropriate framework for regular reporting and comparative analysis of SHA-based National Health Accounts.
- To further harmonize data reporting by member countries to the OECD Health Data with SHA-ICHA.

The priorities of the work program for the next years

- to meet the above challenges, the Secretariat intends to develop guidelines for specific issues and, after discussion among national experts in health accounts, to issue the agreed version of these guidelines as addendums to the SHA Manual (e.g., estimating long-term care, to separate expenditure on day care, home care and ancillary services from inpatient or outpatient expenditure, etc.)

- To considerably improve the availability of health expenditure data in those countries that currently report less than the 80% of the 27 “core variables” (15 countries).
