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PROGRESS REPORT OF SWEDEN

Producer Price Index for Services (TPI) (Vera Norrman)

Introduction

The Price section of Statistics Sweden compiles several price indices for services. It also develops new service price indices. The Department of Economic Statistics at Statistics Sweden has been conducting a development project involving users, the National Accounts section, the Price section and the Services section. The target is to create producer price indices for services designed for use in the Swedish National Accounts system for calculating the production value of services at fixed prices at the product group level in concordance with the European Union's recommendations. (Private services represent about 50 percent of GDP in Sweden.)

Current production of Service Price Index (TPI)

There are 22 indices (21 quarterly, 1 annually), 17 of them are the result of the development project since 2000, 9 of them are the result of the efforts of last year:

55.1	Hotel services (2)
60.24	Freight transportation services by road
62.10.1	Scheduled passenger transportation services by air (2), under revision
63.4	Other transport agency services
64.11	National post services
64.2	Telecommunications services (4)
70.20.12	Renting or leasing services involving own non-residential property (annually)
71.1	Renting services of automobiles
72	Computer and related services (4)
74.11	Legal services
74.12	Accounting, book-keeping and auditing services (2)
74.2	Architectural, engineering and related technical consultancy services (2)

The current development of Service Price index (TPI)

There is a basic work strategy that the project follows. The main part of the work is the development of indices for new service industries. At the same time the revision of existing indices is important as well.

Three guiding principles are applied:

The service price index shall be a **producer price index** that describes the average price development at the producer level for service industries, where services are delivered from domestic service producers. The index figure refers to a quarter period and the price data represent **an average** per quarter.

Measurements should refer to **transaction prices**. The transaction price is the true price for the good/service that the buyer pays and at which the seller sells, i.e. the price after deduction of all discounts.

PPS (Sampling by Probability Proportional to Size) is the main sampling methodology.

The project maintains co-operation with industry organisations and companies since price changes should be observed and described. Initially, a special industry competence has to be developed. These special service industry competences require much time, but both co-operation and competence are extremely essential components of the work for each service industry where a price index should be developed. Both industry studies and communication with firms and their industry organisations are very time consuming. Due to budget restrictions, just price leaders take place in the test.

This year's task

The project's task for year 2003 is to complete all ongoing major areas with testing and make preparations for next year's production. This will be:

Sea and costal water freight transportation services (61.10.2)

Freight transportation services by vessels on inland waterways (61.20.2)

Scheduled freight transportation services by air (62.10.2)

Non-scheduled freight transportation services by air (62.20.2)

Courier services other than national post services (64.12)

Other monetary intermediation services (65.12)

Advertising services (74.4)

An important task is to start the development of the production system for PPI for services

Plans for year 2004

67.1 Monetary intermediation

74.5 Labour recruitment and provision of personnel services

74.6 Investigation and security services

The development of a new production system will continue.

Sweden is represented by an expert of the Eurostat/OECD Task Force on Service Prices since 2002

TPI can be found on Statistics Sweden's website

<http://www.scb.se/statistik/pr0801/pr0801eng.asp>

Classification of service activities and products (Hans Agrell)

The update of the Swedish Standard Industrial Classification

A Swedish version, SNI 2002, based on the updated version of NACE Rev. 1, named NACE Rev. 1.1, has been or will be implemented in both short term statistics and yearly statistics during 2003. Like NACE Rev 1.1 SNI 2002 has only few changes compared with the previous version.

The most important changes in the national level of the classification are:

- split in Wholesale of waste and scrap
- new detailed groups for Wholesale and Retail sale of office furniture
- new detailed groups for Retail sale via internet
- split in Labour recruitment and provision of personnel
- move of Pre-primary school activities to Education
- split in Other human health activities
- changed breakdowns in Social work activities with and without accommodation

Classification of Products by Activity

A new Swedish Classification of Products by Activity has been launched during 2003. The classification is based on EU's product classification CPA with the new version CPA 2002.

Operation 2007

Statistics Sweden is participating in the revision process of NACE with planned implementation in 2007. Important inputs in the process are the convergence project and the revision of ISIC. The present work is closely linked to the proposal of a new high-level structure for ISIC. A

questionnaire has been received from the United Nations Statistical Division containing questions in order to collect views and comments from Sweden (and other countries round the world).

The proposed ISIC-structure has proposals for more categories in the service sector, for example:

- new section for Information and communication
- split in two sections for Professional, scientific and technical services and Administrative and support services
- new section for Water supply, sewage, waste management and remediation
- new section for Arts, entertainment and recreation

Statistics on the Information Society (Anders Hintze)

Surveys and studies carried out

Statistics Sweden has during the last years conducted a number of surveys aiming at measuring access to and use of ICT among individuals and in enterprises. In addition to this Statistics Sweden are in the process of starting developing better metrics for measuring and quantifying ICT investments.

Use of ICT among Individuals

During April 2003 a large scale survey aiming at measuring individuals use of computers and Internet was conducted. This survey was carried out as a part of the Eurostat initiative on carrying out harmonised surveys in this area. The sample size was 5 500 individuals in the age span from 16-74 years. The survey itself focused on the access to and use of computers and the Internet and was carried through as an addition to the Labour Force Survey. Similar surveys have been carried out 1995, 2000, 2001 and 2002.

Survey of use of ICT and e-commerce in enterprises

This survey has been carried out three times, 2000, 2001, 2002 and 2003. The second and third time it was co-financed by Eurostat and coordinated with other member states of the European Union. The aim is to provide estimates for access to and use of ICT in enterprises and to determine the level of e-commerce among the enterprises. A cut off limit of 10 employees or more has been used and approximately 4000 enterprises were surveyed 2003.

Developing measurements of ICT investments

ICT investments constitute a large part of the total investments in most developed countries. Such large ICT investment shares will of course have an impact on GDP estimates and also on productivity estimates. Doubts regarding the quality of national figures could however be raised, i.e. due to the difference in the proportions between ICT equipment, telecommunications and software when comparing countries.

Sweden has therefore decided to initiate a project that aims at developing better measurement of ICT investments. The main objective of this project is to ensure that high quality statistics on ICT investments are available when calculating National Accounts. A spin off effect will be the possibility to calculate productivity taking into account ICT investments.

International cooperation

On the international scene Statistics Sweden has taken an active part in the development work conducted in cooperation between the Nordic countries, by Eurostat, OECD and the UN. The Nordic cooperation has among others resulted in a thematic publication describing the emerging Nordic information society. An application for funds for a project on developing methods for measuring ICT investments has also been submitted to the Nordic Council of Ministers.

Non-profit institutions (Cecilia Hertzman)

Sweden has carried out two pilot studies on income, costs and investments for non-profits institutions serving households (NPISH) for reference year 2000 and 2001. Due to budget constraints we have not yet been able to launch it as a regular survey. We do hope though to be able to do something for reference year 2003.

Sales by services products (Cecilia Hertzman)

Statistics Sweden has conducted surveys on service's turnover by detailed products since reference year 1985. Different sectors have been investigated every year and with an interval of two to five years depending how expansive the sector is. Approximately four surveys have been conducted every year at the request from the National Accounts. We have also participated in Eurostats harmonised data collection program where the activities NACE 72 (Computer and related activities), NACE 74.12 (Accounting, book-keeping and auditing activities; tax consultancy), NACE 74.13 (Market research and public opinion polling) and NACE 74.14 (Business and management consultancy activities) were covered.

For reference year 2002 we are surveying NACE 70 (Real estate activities), NACE 63.23 (Other supporting air activities), NACE 63.3 (Travel agencies) and NACE 93 (Other service activities).

As from reference year 2003 we are planning to extend the data collection to cover all industries within the service sector. Data on turnover by product will be included in the annual Structural Business Statistics questionnaire. This gives an opportunity to meet the demands from both the National Accounts and Service Price Indices. It is also a huge step in the direction of having an equal data collection for the service sector as for the manufacturing sector.

Short term indicators (Cecilia Hertzman)

From 2003 the Swedish Retail trade is published after T+26 days. This is 15-20 days faster than in 2003. One of the new "methods" in order to achieve this is that the data collection is done in cooperation with the Swedish Research Institute of Trade (HUI). During the last year we have also improved the coverage of quarterly data for turnover to cover almost the whole service sector. The only sectors missing are NACE 65-67, 75, 91 and 95.

There are a huge demand for different short term indicators especially for the service sector. In Sweden we hope to be able to use more administrative data to develop new indicators for services. Due to the respondent burden and the fact that the service sector consists of many small enterprises a different approach than using questionnaires must be developed. This is something we will put a great effort in doing during the next years.