DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

Global Consultation
Draft *Guidelines on Integrated Economic Statistics*

Comment Form

Draft *Guidelines on Integrated Economic Statistics*

Send responses to: sna@un.org
Deadline: 10 January 2011

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To submit responses please save the completed form and send it as an attachment to the following e-mail address: sna@un.org by Monday, 10 January 2011. You are encouraged to submit a short response to the questions (yes/no/no comment) even if you have no further comments to offer in the comment boxes. Please focus your comments on substantive issues since a final edit of the Guidelines will be conducted after the February 2011 Statistical Commission meeting.

Relevant documents

The draft publication is available on the global consultation website:
http://unstats.un.org/unsd/nationalaccount/ies/

Questions

1. Do you agree that the *Guidelines* covers well the practical aspects and experiences of the integration of economic statistics?

Yes ___√___ **No** _____ **No comment** _____

Comment:

(1.1) The draft guidelines on IES are very good and helpful in terms of aims, content and coverage especially for countries in their infancy of developing economic statistics or countries with developed economic statistics seeking to re-engineer their structures.

(1.2) However there are various areas that should be addressed and included within the final version, in particular, the inclusion much more on practical references to challenges and issues to consider, and examples of how they have or can be addressed.

(1.3) Much more is needed covering governance related issues for the NSI. For example, there are many aspects to ensure are in place to support the statistics framework, which deal with:

- Independency and impartiality of official economic statistics.
- Developing trust and confidence of official statistics (not just economic statistics).
- Minimising the perception of government interference/manipulation (recognising it is almost impossible to eliminate the perception).

(1.4) The Executive Summary should not be a separate chapter – this is not the usual convention,

(1.5) The scene-setting from Page 8 (Paragraph 4) through to Page 15 (Paragraph 23) could be summarised effectively in less than one page (two pages maximum) thereby removing a lot of repetition, and making the overview much clearer to follow with a sharper focus.

(1.6) Although this document is focussed on "economic statistics" and "integration", it is also worth having a short section covering "links" to other areas like the Census, and social surveys, which also provide inputs in the economic statistics compilation process.

(1.7) More cross references between chapters and sections will help to remove or limit repetition.

(1.8) A separate annex providing a thorough list of useful and key source material (e.g. manuals, handbooks, etc.) produced by the UN, Eurostat, OECD, IMF, etc. would be very helpful indeed. This could cover a wide-range of areas:

- Business Registers
- Classifications
- National Accounts
- Balance of Payments
- Public Sector Finances
- Prices and Volume
- Environmental Accounts,
- Regional Accounts,
- Various Satellite Accounts, etc.

2. Do you consider that the *Guidelines* takes due note of the difficulties faced by countries in the integrated collection, compilation and dissemination of economic statistics?

Yes _____ **No** ___√___ **No comment** _____

Comment:

(2.1) More could be provided, for example tables illustrating the variation of different countries and the set-ups of NSIs, size of personnel, coverage and practice. In particular, experience and lessons learnt from NSIs which could be used to cover pitfalls to avoid.

(2.2) In many areas, it would be much more useful to indicate "best" or "recommended practice" with clear benefits and any drawbacks. In addition, alternatives to "best practice" should also be alluded to given no NSI follows "best practice" on all aspects due to issues like:

- legacy and evolution of NSIs to present day;
- resource constraints;
- data limitations;
- structure of businesses;

- country laws; and
- links between NSIs, and the Finance Ministry, Central Bank and other government departments.

3. Were there any aspects of integration which you feel have not been sufficiently well-covered?

Yes ___√___ **No** _____ **No comment** _____

Comment:

(3.1) In the scene setting of the document and laying out the structure to follow, strong reference should be made, and possibly followed, to the statistical value chain. This will provide a much clearer structure and easier to follow, proposal below:

- Business Register (creation, updating and maintenance)
  - Surveys (sampling, selection, data collection, editing and validation processes)
    - Production and publication of survey results (grossing processes, and disclosure)
      - National Accounts (including Balance of Payments, Public Finance Statistics and Supply and Use Tables)
        - Labour, prices and social statistics
          - Regional and environmental accounts
            - Satellite accounts
              - Social accounting matrices

~~~~~~ Boundary will vary in each country depending upon NSI coverage ~~~~~~

- Impact and environmental analyses
- Regional and policy analyses
- CGE and economic modelling

(3.2) More is needed on "coordination", "validation" and "balancing" functions bringing together the various datasets and accounts, for example:

- administrative data;
- social survey inputs;
- timing schedules;
- firm agreements/service level agreements in place between customer and supplier;
- linking survey inputs with the economic statistic outputs; and
- linking between monthly, quarterly and annual datasets.

4. Do you find the case studies useful and practical?

Yes ____√___ **No** _____ **No comment** _____

Comment:

(4.1) Each case study should make it clear what guidance or advice being recommended – either as the introduction or conclusion. As in some cases, the text reflects a specific country/NSI situation, which may not be "best" or "recommended" practice.

(4.2) More case studies from countries/NSIs other than USA, Canada and the Netherlands should be incorporated to provide a wider flavour of different practices. Presently, the range is very limited. It may be controversial but some of the USA practice(s) as with other NSIs would not be recommended as "best" practice but having examples will help to demonstrate to countries developing economic statistics that variations are acceptable.

5. Would you like to make or seek any specific elaborations in Chapter 1 to Chapter 7 or in the Annexes?

Yes ___√___ **No** _____ **No comment** _____
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Comment:

Chapter 1:

- See above comments on Executive Summary and repetition.
- A substantially reduced version of Paragraphs 4-23 could be treated as an overview.

Chapter 2:

(a) In terms of integration. More reference and focus is needed to achieve a high degree of consistency, coherency and quality (increased accuracy) through the production of integrated datasets within the NSI, for example:

- National Accounts;
- Balance of Payments; and
- Public Sector Finances.

The guidance should be to recommend the production of the above under the same umbrella to achieve the best outcomes.

(b) Case Study 1: A paragraph on the context of the Euro Area needs to be provided. That is EU countries are required to meet EU Statistical Regulations as administered by Eurostat to provide a range of data (the data transmission programme is agreed as a legal requirement). For example, the European System of Accounts 1995, which is broadly consistent with the SNA 1993, is used to provide more guidance for EU countries. This in turn ensures a high degree of comparability and forms a key framework for establishing monetary contributions to the EU Budget. Furthermore, based on the data provided by NSIs, various EU and Euro Area analyses are produced and published by Eurostat.

Chapter 3:

(a) Classifications: More is needed on the importance and need for using internationally agreed classifications. These help to provide a structure for the frameworks, consistency through the statistical value chain and international comparability. Reference to examples of different types of classifications could be made:

- Industries …. ISIC, NACE
- Products ….. CPC, CPA
- Functional ….. COFOG, COICOP, COPP
- Regional …. NUTS
- Activity ….. Tourism, Sport, Creative Sector

(b) Business Registers: More is needed to cover fundamental issues like the basis of a unit and linking administrative units and statistical units. With the impact of globalisation, this is an example of an area which is posing lots of problems.

(c) Case Study 1: Bullet point is needed to explain that the National Farm concept (as applied in many countries) is different from the Agriculture industry as laid out by the industrial classifications. For example, National Farm excludes garden landscaping, kennels, etc.

(d) Case Study 3: It would be also worth adding a further case study covering Eurostat and its workings. Although this has an EU focus, the guidance, and more practical details of concepts, issues and compilation forms another example of good practice.

Chapter 4:

(a) See comments made under question 1 (i.e. response 1.3).

(b) Given the principles, institutional arrangements, etc. are the type of issues covered in this

chapter, and their importance, this should appear much earlier in the IES, say, Chapter 2. This would provide a better structure and flow of IES.

(c) Economic statistics in the UK have been compiled through a central office since the late 1940s and since changed/merged with other offices. Only in recent years, the UK established an independent statistical office with appropriate protocols and under legislation. Although always independent but funded by government, this is a major step for the UK statistical office to illustrate its true independence and impartially from the government of the day. There may be more the IES may wish to consider including from the UK experience, e.g. reference to the Statistics Act, protocols, etc.

(d) Process management: Need to distinguish between process management versus project management. More could be covered referring to the use of project management techniques to manage change and major developments. Also, reference to risk management and quality assessment/management need to be mentioned.

(e) Training: This is a very important area and requires regular review and investment. The section could be expanded to give examples of the different types of training that could be provided or is available.

(f) Succession planning: Like any good organisation, it is important to have a strategy dealing with succession planning.

Chapter 5:

(a) Data collection: There is very good coverage of coherency and flow issues. Other dimensions which also need to be covered:

- "Frequency" of data collection, e.g. monthly, quarterly, annual or less regular such as adhoc pilot surveys.
- "Form of data collection", e.g. paper, electronic, internet, etc.
- Compliance (i.e. the burden on business of data collection) considerations from measurement of compliance burden to strategies to reduce the burden.
- Data available and the basis of "business accounts" are different from "national accounts" or many economic statistics. Thereby data collected need to reflect this aspect and develop appropriate links, e.g. moving sales concept to output.
- Need for regular reviews and changes to keep data collected up to date.
- Handling ever-changing economies and the impact of globalisation collecting national data.

(b) Recording of adjustments taking survey data and producing economic statistics need to be recorded in a systematic manner and form part of the infrastructure building blocks. For example, a principle to follow:

	Survey (source) based data
plus	Coverage adjustments
plus	Conceptual adjustments
plus	Quality adjustments
plus	Coherence (balancing) adjustments
equals	National Accounts/economic statistics on a SNA 93 basis

Chapter 6:

No additional comments.

Chapter 7:

(a) Paragraph 2 needs re-writing and needs to distinguish the role and purpose of Supply and Use Tables from Input-Output Tables. This is an area of continued confusion in many documents and needs clear separation to develop correct understanding.

Proposal for new improved text:

The Input-Output Framework

The Input-Output (I-O) framework brings together components of Gross Value Added (GVA), industry inputs and outputs, product supply and demand, and the composition of uses and resources across institutional sectors for the economy. This framework breaks the economy down to display transactions of all goods and services between industries and final consumers for a single period (for example, a quarter or a year). Information can be presented in two key products:

- Supply and Use Tables, and
- Symmetric Input-Output Tables.

Supply and Use Tables

The Supply and Use Tables show the whole economy by industry (e.g. motor vehicles industry) and products (e.g. sports goods). The tables show links between components of GVA, industry inputs and outputs, product supply and demand. The Supply and Use Tables link different institutional sectors of the economy (for example public corporations) together with detail of imports and exports of goods and services, government expenditure, household and NPISHs expenditure and capital formation.

Producing Supply and Use Tables allows an examination of consistency and coherency of National Accounts components within a single detailed framework and, by incorporating the components of the three approaches to measuring Gross Domestic Product (i.e. *production*, *income* and *expenditure*) enables a single estimate of GDP to be determined, both in current prices and constant prices.

When balanced in an integrated manner, the Supply and Use Tables also provide coherency and consistency in linking the components of three accounts, these being:

- Goods and Services Account;
- Production Account (by industry and by institutional sector; and
- Generation of Income Account (by industry and by institutional sector).

Symmetric Input-Output Tables

Symmetric Input-Output Tables are derived from the data in the Supply and Use Tables and other additional sources to form the theoretical basis for subsequent analyses.

These tables contain symmetric (product by product or industry by industry) tables, Leontief Inverse and other diagnostic analyses such as output and employment multipliers. These tables show separately the consumption of domestically produced and imported goods and services, providing a theoretical framework for further structural analysis of the economy, the composition and the effect of changes in final demand on the economy.

(b) Need a section on revisions covering for example:

- Why do revisions occur and form part of the process including assessing quality and bias.
- Examples of revisions: new data sources, revised data, replacing forecasts with data, errors, etc.
- Need for revisions policies linking short term and longer term statistics.
- Managing time series with the objective of consistent long run time series and dealing with the challenge of “best levels” versus “best growth rates”.

(c) Volume data: nominal data and prices are briefly covered therefore a section on chain-linking and constant price data is needed. This should include the merits of chain-linking versus base weighted volume data and mention the cost/resource/system type issues which need to be considered.

(d) See the case study proposal below showing a compilation schematic integrating Supply and Use Tables and Symmetric I-O Tables.

(e) Section on "Travel and Tourism Accounts" should be re-worded as "Tourism Satellite Accounts" to be in line with agreed convention.

Annexes:

No additional comments

General style and presentation comments

- Paragraph numbering should be linked to the chapter for the ease of the reader, e.g. 3.2, 5.24.
- Consistent paragraph numbering, style and indentation where sub-paragraphs exist as appropriate.
- Spelling check – e.g. Page 83, replace "baklanlnce" with "balance".

Proposed inclusion as a Case Study

The schematic below provides a "recommended" compilation approach integrating Supply and Use Tables and Symmetric Tables, in both current prices and previous years' prices. This is growing in acceptance and has already helped some countries in the development and use of the I-O framework within some NSIs.