



Economic and Social Council

Distr.: General
19 December 2012

Original: English

Statistical Commission

Forty-fourth session

26 February-1 March 2013

Item 4 (e) of the provisional agenda*

Items for information: service statistics

Report of the Voorburg Group on Service Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-third session (see E/2012/24, chap. I.A), the Secretary-General has the honour to transmit the report of the Voorburg Group on Service Statistics, which is presented to the Commission for information. The report presents the progress of the Group since the last report to the Statistical Commission in 2010 (E/CN.3/2010/23). The Voorburg Group has applied a content development framework to develop best practices in the collection of output and price statistics for over 75 service industries defined by the *International Standard Industrial Classification of All Economic Activities, Revision 4*. The work product and tangible outputs are presented on the Group's website (<http://www.voorburggroup.org/>). The report includes a detailed list of industries addressed and a presentation of the content development framework that guides the continued efforts. In recent years, the Group has also addressed some cross-cutting issues in papers that can be found on the website. The Commission is invited to take note of the report.

* E/CN.3/2013/1.



Report of the Voorburg Group on Services Statistics

I. Introduction

1. In the late 1980s, the Voorburg Group on Services Statistics was established in response to a request from the United Nations Statistical Commission, for assistance in developing service statistics. The first meeting, hosted by the Netherlands Statistical Office, was held in January 1987 in Voorburg (the Netherlands), from which the Group derives its name.

2. The Voorburg Group was not created to be just another forum for the exchange of information. Instead, it was to be a group of countries interested in and capable of carrying out developmental work between and during meetings, following well-established rules and a clear timetable. In fact, the purpose of the Group was to address issues related to the production of services statistics, including service product outputs and inputs, the estimation of the real product of service activities, price indices of service products and industries, and their implications for product and industry classification (Central Product Classification (CPC) and International Standard Industrial Classification of All Economic Activities (ISIC)).

3. Over the years, the Group was successful in developing product and industrial classification and model surveys and in discussing a wide range of topics, such as the information society, short-term indicators and international trade in services, to name only a few. In 2005, in response to some concerns about the Group's broad agenda and wide participation, the Voorburg Bureau reviewed the focus and modalities of the Group and prepared a Strategic Vision¹ describing the mandate, the role and the workplan for the future of the Group. This Vision paper was presented at the thirty-sixth session of the United Nations Statistical Commission, held in March 2005, where the Voorburg Group mandate was renewed with a particular emphasis on the development of service producer price indices (SPPIs).

4. The present report provides an update on the progress of the Group in addressing best practices in service industry output statistics, service industry price statistics, and service industry and product classifications. It also presents the tangible output of the Voorburg Group under the content development framework adopted by the Group in 2006.

II. Progress since 2010

5. During the thirty-sixth session of the Statistical Commission, the Voorburg Group presented an updated strategic vision to guide future work that focused on the proper identification and definition of services industries, products and measures of turnover combined with a coordinated effort to produce producer price indices for use as deflators in order to improve the measurement of services components of the gross domestic product (GDP) at constant prices. Consequently, the Group focused its work on: (a) classification issues; (b) output measures; and (c) price indices.

6. In 2006, the Voorburg Group adopted a content development framework to ensure that its work was focused on that vision and be presented by a set of tangible outputs that would provide information to the larger official statistics community.

¹ Louis Marc Ducharme, "Strategic vision of the Voorburg Group on Services Statistics for 2005-2008", background document to the Statistical Commission at its thirty-sixth session.

7. The Voorburg Group applied the new process to areas that were increasingly of interest due to international economic developments, including (a) outsourcing and manufacturing services; (b) financial intermediation services; (c) research and development services; (d) waste management and remediation services; and (e) wholesale and retail trade services.

8. Each of those areas has been addressed through a two-year cycle of mini-presentations summarizing national experiences and detailing best practices. In addition to addressing those areas, the Voorburg Group has continued to review other areas of interest and need. A summary of the activities is set out below by year:

(a) **2010, Vienna:**

(i) Mini-presentations on turnover and SPPI (these addressed: cleaning and facilities services; research and development activities; accommodations and food services; and wholesale and retail trade);

(ii) sector papers (these addressed: water transport services; and rail freight transportation);

(iii) revisited sector papers for the review, update and consolidation of previous subjects into the consistent format of the Voorburg Group workplan and content development framework (these addressed: warehousing and storage; and legal services);

(iv) cross-cutting topics (these addressed: Financial intermediation services indirectly measured, including overview, appropriate reference rates and treatment of negative prices; and quality adjustments in SPPI with emphasis on conceptual differences for rental and leasing, air transportation and advertising);

(b) **2011, Newport, United Kingdom of Great Britain and Northern Ireland:**

(i) Mini-presentations on turnover and SPPI (these addressed: automobile repair and maintenance activities; non-life insurance; technical testing and analysis services; and waste management and remediation services);

(ii) sector papers (these addressed: cleaning and facilities services; research and development services; accommodations and food services; and banking and credit);

(iii) cross-cutting topics (these addressed: continued discussion on wholesale/retail trade quality adjustment and margin methods; OECD-Eurostat Taskforce for the revision of the SPPI manual; manufacturing services and outsourcing; and lessons learned from the development and use of hedonic models in SPPI);

(c) **2012, Warsaw:**

(i) Mini-presentations on turnover and SPPI (these addressed: commercial and industrial machinery repair and maintenance services; arts, entertainment and recreation services; consumer and household goods repair and maintenance services; and water treatment and distribution services);

(ii) sector papers (these addressed: motor vehicle repair and maintenance services; non-life insurance; waste management and remediation services; technical testing and analysis services; and distributive trades);

(iii) revisited sector papers (these addressed: passenger air transport services (dynamic pricing); telecommunications services; and computer programming services);

(iv) cross-cutting topics (these addressed: operational efficiencies in turnover and price surveys including the use of administrative records and online or other electronic reporting opportunities; and continued discussion on quality adjustment issues for selected SPPI).

9. The Voorburg Group has developed a considerable library of national experience in the development of turnover and price statistics for service industries since the institution of the content development framework. Overall, the Group has addressed over 75 service industries as defined by the *International Standard Industrial Classification of All Economic Activities, Revision 4*. A full list of industries is included in annex I. The Voorburg Group maintains a website on which all of its sector papers and other related materials are stored for reference by interested parties (<http://www4.statcan.ca/english/voorburg/>). The content development framework continues to provide a coherent framework for the assignment of work and provides a consistent format across all service industries (see annex II). The addition of cross-cutting topics that are constrained by the development of prices, turnover and classifications for services has provided an additional opportunity to improve these programmes and learn from the experiences of other countries.

III. Future agenda

10. The tentative agenda for the twenty-eighth meeting of the Voorburg Group includes mini-presentations for postal activities, programming and broadcasting activities, software publishing activities, other publishing activities, and warehousing and related activities (focus on logistics). The Voorburg Group will also review developments in the area of automated data review and editing software for prices and turnover, improvements in the reporting of the statistical quality of official data series, and other programmatic issues affecting turnover and price statistics. The Voorburg Group will also initiate a dialogue with members of the Ottawa Group on price indices prior to its twenty-eighth meeting; two Voorburg Group members have asked to be included in the agenda of the Ottawa Group's meeting to be held in May 2013, to discuss the issues regarding quality adjustment for SPPIs that the Voorburg Group has been discussing in recent years. The Voorburg Group hopes to reach a consensus on those issues at its twenty-eighth meeting.

11. The Voorburg Group provided a set of recommendations to the Statistics Division of the Department of Economic and Social Affairs for possible revisions to the upcoming revision of the Central Product Classification and will be developing a list of recommendations for the next revision of ISIC. The Voorburg Group is a unique resource for advice on the content and structure of standard classifications because of its members' hands-on use. The Voorburg Group workplan revisits and updates past work to incorporate market changes and developments. A formal reporting process on possible classification changes to the Statistics Division is being developed.

Annex I

Industries covered by the Voorburg Group on Service Statistics, 2006-2012

<i>ISIC code</i>	<i>Industry title</i>
3700	Sewerage
3811	Collection of non-hazardous waste
3812	Collection of hazardous waste
3821	Treatment and disposal of non-hazardous waste
3822	Treatment and disposal of hazardous waste
3830	Materials recovery
3900	Remediation activities and other waste management
4520	Maintenance and repair of motor vehicles
462-469	Wholesale merchants
4911	Passenger rail transport, interurban
4912	Freight rail transport
4923	Freight transport by road
5011	Sea and coastal passenger water transport
5012	Sea and coastal freight water transport
5021	Inland passenger water transport
5022	Inland freight water transport
5110	Passenger air transport
5120	Freight air transport
5210	Warehousing and storage
5320	Courier activities
5510	Short-term accommodation activities
5520	Camping grounds, recreational vehicle parks and trailer parks
5590	Other accommodation
5610	Restaurants and mobile food service activities
5621	Event catering
5629	Other food service activities

<i>ISIC code</i>	<i>Industry title</i>
5630	Beverage serving activities
6110	Wired telecommunications activities
6120	Wireless telecommunication activities
6130	Satellite telecommunications activities
6190	Other telecommunications activities
6201	Computer programming activities
6202	Computer consultancy and computer facilities management services
6209	Other information technology and computer service activities
6311	Data processing, hosting and related activities
6312	Web portals
6411	Central banking
6419	Other monetary intermediation
6492	Other credit granting
6512	Non-life insurance
6520	Reinsurance
6810	Real estate activities with owned or leased property
6820	Real estate activities on a fee or contract basis
6910	Legal activities
6920	Accounting, bookkeeping and auditing activities; tax consultancy
7020	Management consultancy
7110	Architecture and engineering activities and related technical consultancy
7120	Technical testing and analysis
7210	Research and experimental development on natural sciences and engineering
7220	Research and experimental development on social sciences and humanities
7310	Advertising
7320	Market research and public opinion polling
7710	Renting and leasing of motor vehicles
7721	Renting and leasing of recreational and sports goods

<i>ISIC code</i>	<i>Industry title</i>
7722	Renting and leasing of video tapes and disks
7729	Renting and leasing of other personal and household goods
7730	Renting and leasing of other machinery, equipment and tangible goods
7810	Activities of employment placement agencies
7820	Temporary employment agency activities
7830	Other human resource provision
8010	Private security activities
8020	Security systems service activities
8030	Investigation activities
8110	Combined facilities support services
8121	General cleaning of buildings
8129	Other building and industrial cleaning activities
8130	Landscape care and maintenance service activities

Annex II

Voorburg Group on Service Statistics: content development framework for service sector statistics

1. The Voorburg Group Taskforce recommends the following five elements of a service sector statistics content development framework for producing nominal turnover/output data and pricing statistics, with links to classifications and national accounts, for member countries. This proposal focuses on producer price indices (PPI) and turnover/output statistics (PPI will play a major role, but one equal to that of turnover/output data). The present content development framework will lead to the development of a set of guidelines with the following elements, to be included in a series of sector papers covering individual service industries:

(a) **Element I.** Agree on (i) Pricing method terminologies (or equivalent terminologies in the manner of a thesaurus) and (ii) Turnover/output method terminologies for use in the mini-presentations and sector papers (note: the SPPI thesaurus that was prepared by March 2006 includes suggested common terminologies for prices; a similar thesaurus is not a requirement for turnover/output work at this time);

(b) **Element II.** Develop mini-presentations (in year one) detailing current practices for (i) turnover/output data collection (including prescribed levels for industry products) and (ii) price data collection and methods^{a,b} (where relevant, both types of mini-presentations include sections on implications for classifications and national accounts);

(c) **Element III.** Present and discuss the mini-presentations and discussant remarks, leading to a set of key guidelines based on differences in country market constraints under element II (Voorburg Group discussion focuses on the quality assessment of different conceptual choices, e.g. real-world characteristics and market constraints and the cost effectiveness of using particular PPI and turnover/output methodologies and how they can best meet the needs of the national accounts);

(d) **Element IV.** Develop, present, discuss and adopt sector papers (in year two) containing Voorburg Group guidelines for the development of service industry statistics (including guidelines for turnover/output data, pricing methods and quality adjustment methods), accompanied by prescribed changes for standard classifications or national accounts, as necessary;

(e) **Element V.** Periodic review to validate or revise the set of guidelines, as necessary.

^a Scope includes but is not limited to the current production boundary of the *System of National Accounts, 2008*.^c Detail includes reasonable breakouts for intermediate vs. final demand categories, different price trends and other issues.

^b PPI methodologies and valuations include market output/transaction price, constant quality, current production, shipment price and using the appropriate price change measure for the time period.

^c United Nations publication, Sales No. E.08.XVII.29.

Proposed production process

2. The present content development framework presents a production process for developing a series of sector papers that, when completed, will present a set of methodological guidelines for developing measures of the constant dollar output of service industries. It provides a structured approach for assessing the quality of conceptual choices related to pricing and turnover/output data levels in undertaking content development and improvement efforts. Within this framework, PPI play a major role, but one that is equal to that of turnover/outputs. The process provides feedback to classifications and national accounts where necessary. When a particular subject industry/industry group has little development, the process allows for the conceptual development of content using the vast pool of knowledge and experience available in the Voorburg Group. When there is extensive experience for an industry, current practices, experiences and data results will form more quantitatively supported guidelines. In all cases, collaborative work among turnover/output and price specialists (with commentary from selected classification experts and national accountants) results in improved services data to be used in the production of real GDP.

3. As countries prepare mini-presentations on turnover/output and/or PPI for an assigned industry/industry group, they need to review their particular practices with respect to PPI and turnover/output data. After the mini-presentations have been delivered, group discussions of PPI and turnover/output data occur at the same time for the same industry/industry group and cover why particular pricing or turnover/output methods were selected. Ultimately, the Voorburg Group's discussions will focus on what the optimal methods should be — given the conditions under which countries must measure prices and turnover/output. Based on what a given country is actually doing, gaps are identified between the optimal and the actual. These gaps will then constitute a tailored list of opportunities for improvement for that country with respect to its pricing and turnover/output methods.

4. Since 2006, more structure has been provided to these sessions in order to better identify the various practices. With the discussant role and the introduction of formal group discussion, the role of the session chair was expanded under this framework. The session chair for the mini-presentations needs to ensure that papers are prepared well in advance of the Voorburg Group meeting, in order to allow discussants adequate time to develop consolidated presentations on turnover/output, PPI and how best to meet the needs of the national accounts. The session chair is also responsible for facilitating formal group discussions covering the mini-presentations and discussant's remarks, including a comparison/contrast of the real-world characteristics and market constraints of the various countries and their impact on the choice of PPI and turnover/output methods. Further, the session chair is responsible for facilitating the discussion and developing key guidelines for inclusion in the sector paper in the subsequent year. Finally, the session chair is responsible for the development of a session report covering the major points and action items as an outcome of the session.

5. In summary, the present content development framework requires much greater involvement in the work of the Voorburg Group throughout the year and should encourage informed and productive discussion sessions combined with the presentations (as described in element III). The content development framework

process ensures that a set of key guidelines result (from the element III discussions of the mini-presentations and discussant's remarks) from each mini-presentation session. This set of key guidelines is included in the sector papers prepared in the following year and are influenced by the market constraints within which the various countries operate.

6. The key guidelines from the mini-presentations form the basis for the development of the sector papers, in the following year, covered by element IV. A country is assigned to prepare a sector paper that synthesizes key guidelines developed from the mini-presentations on turnover/output and prices.

7. The body of the sector paper consists of a detailed discussion of the predominant models identified in the mini-presentations and how that led to the key guidelines. The sector paper is presented, discussed, edited and adopted by the whole Group at its meeting held the following year. These sector papers constitute concrete final deliverables to the Statistical Commission from the Voorburg Group for each industry or industry group. They reflect the real-world complications encountered by the various countries and provide possible options for how best to deal with those complications from a methodological standpoint. Ultimately, the various sets of guidelines on particular economic contexts contained in the sector papers will provide a valuable resource for use by countries as they consider adopting various recommended strategies for content development. Thus, countries are better informed when it comes to formulating wise resource investment decisions in the development of their service sector statistical programmes (e.g., they are advised to not expend resources on certain methods that might not be worth it).
