

ECE/CES/66

STATISTICAL COMMISSION
and
ECONOMIC COMMISSION FOR EUROPE

CONFERENCE OF EUROPEAN STATISTICIANS

Report of the fifty-second plenary session

(Paris, 8-10 June 2004)



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Geneva 2004**

TABLE OF CONTENTS

	<u>Paragraphs</u>
I. INTRODUCTION	1-8
II. IMPLICATIONS OF MEETINGS OF THE CONFERENCE'S PARENT BODIES	
a) February 2004 session of the Economic Commission for Europe.....	9
b) March 2004 session of the UN Statistical Commission.....	10-11
III. INTEGRATED PRESENTATION OF INTERNATIONAL STATISTICAL WORK IN THE ECE REGION	
a) Introduction.....	12
b) In-depth review of Programme Element 5.1.....	13-16
c) Progress report on the Confidentiality and Microdata project.....	17-20
d) Progress report on the Multinational Enterprise (MNE) project.....	21-24
e) Comments on the Integrated Presentation (IP).....	25-27
f) Planned statistical activities of the UN Regional Commissions.....	28
g) UNECE Statistical Programme.....	29
h) Guidelines for establishing teams of specialists within the Conference of European Statisticians.....	30
i) Biennial programme plan of the UNECE.....	31
j) Technical cooperation activities of the UNECE Statistical Division.....	32
k) Follow-up to decisions taken by the Conference and its Bureau.....	33
IV. SEMINAR ON NATIONAL STATISTICAL SYSTEMS	
a) Introduction.....	34
b) Coordination within National Statistical Systems (excluding regional/federal coordination).....	35-40
c) Independence, integrity, and credibility of official statistical (including all producers).....	41-46
d) Issues generating demand for statistics.....	47-52
e) Official statistics as a brand.....	53-59
V. SEMINAR ON MEASURING PRICES AND VOLUME IN THE SERVICE SECTOR	
a) Introduction.....	60
b) Current international practice for measuring price and volume in the service sector: overview.....	61-67
c) Current international practice for measuring price and volume in the service sector: non-market services.....	68-72
d) Output measures of services volume.....	73-78
e) The use of service sector statistics by external users.....	79-86
VI. SELECTION OF TOPICS FOR THE SEMINARS TO TAKE PLACE DURING THE 2005 PLENARY SESSION.....	87-88
VII. ADOPTION OF THE REPORT.....	89

I. INTRODUCTION

Attendance

1. The Conference of European Statisticians held its fifty-second plenary session in Paris at the invitation of the Organization for Economic Cooperation and Development (OECD). It was attended by representatives from Albania, Armenia, Australia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom and United States.
2. The Conference was attended by representatives of the European Commission (Eurostat).
3. Representatives of the United Nations Department for Economic and Social Affairs (UN Statistics Division); United Nations Economic Commission for Latin America and the Caribbean (ECLAC); United Nations Educational, Scientific and Cultural Organization (UNESCO); United Nations Population Fund (UNFPA); United Nations Development Programme (UNDP); and the following specialised agencies and intergovernmental organizations attended: International Labour Office (ILO); International Monetary Fund (IMF); World Bank; Interstate Statistical Committee of the Commonwealth of the Independent States (CIS-STAT); the Organisation for Economic Cooperation and Development (OECD); the European Free Trade Organisation (EFTA); the European Central Bank (ECB); and the Bank for International Settlements (BIS).
4. Ms. Katherine Wallman (United States) chaired the Conference.
5. Ms. Milva Ekonomi (Albania), Mr. Dennis Trewin (Australia), Mr. Luigi Biggeri (Italy), Mr. Vladimir Sokolin (Russian Federation), Ms. Irena Krizman (Slovenia) and Mr. Svante Öberg (Sweden) served as Vice-Chairpersons.

Agenda and procedure

6. The provisional agenda (ECE/CES/65/Rev.1) was adopted. The Conference recalled the procedures for efficient use of the time of the plenary sessions (CES/821).

Opening statements

7. Ms. Wallman, Chairman of the Conference and Ms. Schmögnerová, Executive Secretary of the UNECE, delivered opening statements. In her statement, Ms. Schmögnerová highlighted the progress made in the work of the Conference in strengthening the way it works and its role as the coordinator of the international statistical work in the ECE region. She also referred to the new challenges for UNECE and CES in the context of the EU enlargement. Ms. Schmögnerová expressed her appreciation that the priorities of the Conference include also those emanating from United Nations global conferences and world summits.

8. The Conference thanked Eurostat, EFTA and the World Bank for facilitating the participation of representatives of South-East European and CIS countries in the annual plenary sessions of the Conference of European Statisticians. The Conference also thanked the OECD for hosting its plenary session.

II. IMPLICATIONS OF MEETINGS OF THE CONFERENCE'S PARENT BODIES

a) February 2004 session of the Economic Commission for Europe

Documentation: CES/2004/1

9. The Conference took note of the matters arising from the February 2004 Session of the UN Economic Commission for Europe. The Conference noted that its method of work and its operating procedures are already largely aligned with those recommended by the Commission. However, the outcome of the session requires some follow-up by the Conference. Therefore, the Conference:

- (i) agreed that the Bureau of the Conference, the Conference itself, and the secretariat of the Statistical Division should continue to work actively towards contributing positively to strengthening the ECE as an organization;
- (ii) asked the Bureau of the Conference to continue to review its intergovernmental structure, including any teams of specialists acting under its guidance;
- (iii) asked the Bureau of the Conference to review the programme of work of the Conference on a biennial basis and to report on the outcome to the annual plenary sessions;
- (iv) agreed that the ECE Statistical Division should continue to be involved in technical cooperation activities through the Regional Adviser Programme and that the Statistical Division should seek ways of increasing its technical assistance through the Conference's regular meeting programme and its current regular budget and extra-budgetary resources;
- (v) agreed that the ECE Statistical Division should regularly draw the attention of the members of the Conference to those statistical areas where the less developed statistical offices in the ECE region need technical assistance, but are currently under-funded.

b) March 2004 session of the UN Statistical Commission

Documentation: CES/2004/2

10. The Conference noted the conclusions that have an impact on its work and recommended follow-up actions summarised in the note prepared by the Secretariat, notably in the fields of social, health, and poverty statistics; 2010 round of population and housing censuses; national accounts; and the implementation of the Fundamental Principles of Official Statistics.

11. The UNSD representative informed the Conference that the Statistical Commission has agreed on a new data collection system for environment statistics. He also informed the participants that the Manual on Poverty Statistics, developed jointly with the Rio Group and the Statistical Office of Brazil, was approved by the Statistical Commission.

III. INTEGRATED PRESENTATION OF INTERNATIONAL STATISTICAL WORK IN THE ECE REGION

Documentation: CES/2004/3, CES/2004/4 and Add.1, CES/2004/5

a) Introduction

12. The Conference reviewed the Integrated Presentation (IP) in the manner suggested by the Bureau, namely to review one topic in greater depth, and to review the remaining 40 or so programme elements more quickly on the basis of countries' comments and recommendations made by the Bureau. The topic that it reviewed in greater depth was Environmental Statistics: Sectoral concepts, definitions, classifications, and environmental databases (Programme Element 5.1).

b) In-depth review of Programme Element 5.1, Environmental Statistics: Sectoral concepts, definitions, classifications, and environmental databases

Documentation: CES/2004/7

13. A paper prepared by Statistics Norway provided an overview of the difficulties encountered in the coordination of environment statistics and pointed out some progress made in recent years. As this area is multi-dimensional and still under development, there is an overlap in the areas of responsibility. The numerous international conventions, regulations, and directives and the dispersed responsibilities at the international level lead to the establishment of a number of specialised agencies. This, in turn, leads to duplication of work among organizations dealing with environmental issues at national and international levels and represents an obstacle to better cooperation.

14. There has been some progress in coordinating environmental reporting through joint questionnaires over recent years. However, the Conference recognised that there is a potential for better cooperation in this area and that it is essential to continue the efforts of streamlining data reporting. It would be of great advantage if the allocation of responsibilities were based on the different dimensions of interaction between man and nature: driving forces, pressure on the environment, environmental state, impact on environment, and societal response as highlighted in the Norwegian paper. It was noted that many organizations focus their work on measuring the pressure on the environment (e.g. emission to air) but there are fewer institutions concentrating on the change in the state of the environment and a lack of actors assessing society's response to this.

15. In the subsequent discussion, the following points were made:

- The Inter-Secretariat Working Group on Environment Statistics (ISWGES) should review the issues related to overlaps in data collection and identify the actions to be taken in order to improve coordination. It should also detect areas that are not sufficiently covered and look at mechanisms to take into account user requirements;
- Improving the quality of environment statistics should not be neglected; it would be desirable to create a common pool of environment data for policy makers including data from statistical and non-statistical sources;
- There is a lack of awareness on how to use environment statistics. Existing groups (such as the London Group) should be encouraged to highlight successful analyses done using environmental data and to show how these analyses were used in policy formulation.

16. The Conference requested the ISWGES to prepare a document for its next session in 2005 to reflect the issues mentioned above.

c) Progress report on the Confidentiality and Microdata project

Documentation: CES/2004/WP.1

17. Dennis Trewin (ABS, Australia) presented the progress report of the Task Force on confidentiality and microdata. The Task Force was established as a follow-up to the CES Seminar on Statistical Confidentiality and Microdata in 2003. Its aim is to develop agreed international principles on the provision of access to microdata and to compile a set of case studies of good practices consistent with the principles. The Task Force consists of representatives from Australia, Canada, Denmark, Georgia, Italy, Poland and UNECE. Mr. Trewin is chairing the group.

18. Guaranteeing the confidentiality of data to maintain the trust of respondents is one of the fundamental principles of official statistics. The statistical offices need to take note of public perceptions concerning confidentiality of data and the integrity of the statistical office. On the other hand, the NSOs recognise that it is in the public interest to make available the insights from data to decision makers and the public. For the research community, microdata present a wealth of information allowing the analysis of complex questions.

19. The Task Force proposed four basic principles of microdata access to start debate. The following points were made in the discussion:

- With the rapid expansion of databases and increased possibilities for data linking, it is virtually impossible to completely avoid identification. Therefore, it was suggested that agencies should move from risk avoidance to a risk management strategy;
- The gap between the different perspectives of researchers and statisticians is narrowing. However, researchers do not always fully understand statistical confidentiality principles. It is therefore up to the statistical agency to find a balance between protecting individually identifiable data and ensuring that the data are available to the maximum extent possible.
- The microdata access should be based on a sound legal basis and the arrangements of access to microdata should be clear and transparent. It is important to find a way to transfer some of the responsibility for confidentiality to users;
- The need for standard terminology and a glossary was highlighted;
- The respondents need to be ensured that the statistical office is a reliable custodian of the data.

20. The Conference was informed that the discussion paper is available on the ECE Statistical Division's web page at <http://www.unece.org/stats/documents/tfcm.htm>. Countries and international organizations were invited to send their comments on the paper to confidentiality@unece.org by 30 June 2004.

d) Progress report on the Multinational Enterprise (MNE) project

Documentation: CES/2004/WP.2

21. As a follow-up to the CES Seminar on Globalisation held in 2003, the Conference agreed that an experiment on measuring the activities of multinational enterprises be carried out: the MNE

project. The project is led by Statistics Canada and its main objective is to identify areas where more standardized and coordinated approaches to measuring activities of multinational enterprises could contribute to improved national and international economic statistics.

22. The extended project team has agreed on the modalities for completing the first phase of the project, in particular concerning the list of variables to be covered, and on a framework for the data sharing and confidentiality. The five participating countries have started to establish preliminary lists of MNEs with headquarters in their countries.

23. Contacts have already been made with some target MNEs and more will be made in a short time. So far, the responses from the MNEs have been positive. In the first round, one MNE in each country will be investigated in a test run collecting data on five financial variables, namely gross sales (or revenues or turnover), sales or revenues between/from geographical segments, total net sales, operating earnings or losses before taxes, and capitalized expenditures.

24. The Conference encouraged the continuation of the project, including the presentation of preliminary results to the Roundtable on Business Survey Frames to be organized at the end of October 2004 and to the CES Bureau, which acts as the Steering Committee.

e) Comments on the Integrated Presentation (IP)

Documentation: CES/2004/3, CES/2004/4, CES/2004/5

25. The Conference's attention was drawn to the paper prepared by the ECE secretariat on the purpose of the IP and plans for its future development. Following the decision taken by the CES Bureau in 2003, an excerpt from the Integrated Presentation is prepared, presenting the first part of each programme element. The full version of the IP is available in a database format (<http://unece.unog.ch/IntPres/>).

26. The Conference agreed that the IP has been an efficient tool to enable the Conference and its Bureau to coordinate the statistically related work that international organizations undertake in the ECE region. However, the improvement of the IP is an on-going process, and several changes are expected in the future with regard to the structure of the IP, the procedure for its review, and modalities for its updating. A Task Force to review the classification of statistical activities of the IP has been created. The Conference approved the issues agreed by its Bureau as spelled out in document CES/2004/3 under "Future development of the IP".

27. Attention of the Conference was drawn to the written comments on the rest of the Integrated Presentation submitted by Armenia, Canada, Czech Republic, France, Germany, Latvia, Mexico, Poland, Portugal, Switzerland, the European Central Bank (ECB), and the Food and Agriculture Organization (FAO).

f) Planned statistical activities of the UN Regional Commissions

Documentation: CES/2004/4 Add.1

28. The Conference noted the planned statistical work of other UN Regional Commissions, namely ECLAC, ESCAP, and ESCWA, which is a good step towards strengthening the coordination of the work of the Conference with the Statistical Committees in other Regional Commissions.

g) UNECE Statistical Programme

Documentation: CES/2004/6

29. Following the decision of the CES plenary session in 2003, an Annual UNECE Statistical Programme for 2004 was compiled, which includes all statistical activities that are undertaken by the UNECE. The Statistical Programme facilitates the work of the Conference and its Bureau in fulfilling its mandate for providing guidance to the other ECE Principal Subsidiary Bodies and their statistically related activities. The Conference approved the Programme.

h) Guidelines for establishing teams of specialists within the Conference of European Statisticians

Documentation: CES/2004/8

30. At its October 2002 meeting, the Bureau of the Conference decided that any future joint meetings or work undertaken by the ECE secretariat in cooperation with Eurostat, OECD and other international organizations should be prepared by a Task Force or Steering Group, so as to ensure that the work leads to specific outputs and is fulfilled within a specific timeframe. Since that time, a variety of teams of specialists have been created in various subject areas. The Conference approved the guidelines defining the nature of the various groups as endorsed by the Bureau in February 2004.

i) Biennial programme plan of the UNECE

Documentation: CES/2004/WP.3

31. The Conference noted the work done by UNECE in developing the Biennial Programme Plan as part of the UN Strategic Framework for the biennium 2006-2007. The Plan will constitute the basis for the preparation of the next ECE programme budget. An extract from the ECE Biennial Programme Plan concerning the subprogramme on statistics was presented to the Conference for information.

j) Technical cooperation activities of the UNECE Statistical Division

Documentation: CES/2004/WP.4

32. The Conference noted the technical cooperation activities carried out by the UNECE Statistical Division in order to strengthen the statistical capacity of individual member countries. Priority is given to countries of Southeast Europe and the CIS. Bilateral technical assistance activities are

carried out in Azerbaijan, Bosnia and Herzegovina, Croatia, Republic of Moldova, Serbia and Montenegro, The former Yugoslav Republic of Macedonia, and Ukraine. Technical assistance is also provided in the form of sub-regional workshops and multi-country advice in specific statistical areas, such as national accounts, human development statistics, and social trends reporting.

k) Follow-up to decisions taken by the Conference and its Bureau

Documentation: CES/2004/WP.5

33. Attention of the Conference was drawn to the document on follow-up to the decisions taken by the Conference and its Bureau, which summarises the main decisions taken by the Bureau since its February 2002 meeting and by the Conference in 2002 and 2003, as reflected in the respective reports. The note permits the identification of possible delays and facilitates taking decisions for further action.

IV. SEMINAR ON NATIONAL STATISTICAL SYSTEMS

a) Introduction

34. The seminar was organised by Statistics Finland in cooperation with France, Czech Republic, the Netherlands, Russian Federation and the UNECE secretariat. Ms. Heli Jeskanen-Sundström (Finland) chaired the seminar. The attention of the Conference was drawn to some documents that lay out the basic principles for the operation of official statistics, namely the Fundamental Principles of Official Statistics, which were adopted ten years ago, and the Handbook of Official Statistics. Information on the implementation of the Fundamental Principles in countries is available in the database of good practices, maintained by the United Nations Statistical Division (<http://unstats.un.org/unsd/goodprac/default.asp>).

b) Coordination within National Statistical Systems (excluding regional/federal coordination)

Documentation: CES/2004/9, CES/2004/10, CES/2004/31, CES/2004/33 and CES/2004/36

35. Mr. Tadeus Walczak (Poland) served as the Discussant for this session.

36. Coordination within national statistical systems is a necessary precondition for securing the comparability, coherence, and completeness of statistics – important attributes of the quality of statistics. The discussion touched on the following issues: exchange of information on good practices of effective coordination, relationships between the statistical office and other government institutions producing official statistics, and the coordination of official and non-official statistics.

37. It was highlighted that protecting the authoritativeness of official statistics is not an easy task. New entities appear on the market of information services whose products are not always in line with the scientific principles of statistical surveys and whose methods may not be transparent. This may lead to the creation of low quality information and decreasing trust in statistics in general. Therefore, the coordinating role of the national statistical agencies becomes ever more important.

38. Coordination tools are important in both centralized and decentralized systems. Although it may appear that in decentralized systems coordination may be more difficult, often such systems have long established practices and have developed powerful tools that make coordination easier and better integrated in the system. The effectiveness of coordination tools may vary according to the types of systems and cultures that exist in countries. “Soft” coordination may work in some countries but others may require stronger tools. Common training and mobility was mentioned as a good tool to ensure cooperation among statistical institutes in both centralized and decentralized systems.

39. The issue of the relation between “official” and “non-official” statistics was raised. For some users, it may not be relevant to make a distinction between these two concepts since users are not concerned with what institution produced the data. Other users may only notice the fact that the producer is not part of the system of official statistics, but would have difficulties in understanding that the same body produces both “official” and “non-official” statistics. It was stressed that the topic of how to coordinate relations with the statistics producers outside the system of official statistics will remain on statisticians’ agendas for some time.

40. National statistical offices should be proactive in promoting the use of the Fundamental Principles of Official Statistics by all institutions that produce official statistics and should help users to better understand the difference between statistics produced within the framework of common standards and statistics produced outside this framework. Statistical auditing could be a tool to help users and producers to define the border between these two frameworks and to give to statistics a stamp of quality and integrity. Statisticians who work in public institutions outside national statistical offices are often not aware of issues related to the Fundamental Principles. They should be trained and brought into the discussion related to these issues.

c) Independence, integrity, and credibility of official statistics (including all producers)

Documentation: CES/2004/11, CES/2004/12, CES/2004/13 and CES/2004/34

41. Mr. Len Cook (United Kingdom) served as the Discussant for this session.

42. Respecting the principles of independence, integrity, and credibility is important for NSOs in order to accomplish their mission as producers of official statistics. It was stressed that, to be effective, a statistical agency must be credible to the general public. If the statistical information produced by an agency is not trusted, the effectiveness of the agency is seriously undermined. However, the statistical offices should not be afraid of criticism. Critical questioning of statistical outputs and the statistical agency’s responsiveness to criticism can be a valuable means of building up credibility.

43. Credibility can be achieved only if independence is ensured. In this regard, the legislative basis for statistical agencies, their relationship to Ministries, and the mechanisms for appointing the Heads of NSOs are critical factors. The statistical agency has an active role to play in initiating legislative and practical measures to ensure that the principles of integrity, independence, and credibility are respected. It is essential to rely in this process on internationally accepted common standards, such as the Fundamental Principles of Official Statistics.

44. Ensuring credibility requires continuous daily work. The goal can be to reach and maintain a state where the normal reaction of users, knowing that data originate from the statistical agency, is to assume that the data are trustworthy. There are different measures to help reach this goal: legislative and organizational arrangements ensuring the independence of the agency, sound methodological basis of data production and continuous care for quality, and communication with users to ensure that they realise that the statistical agency deserves to be trusted. These measures require ongoing attention so that credibility is not undermined by an isolated incident.

45. Public perception of official statistics is crucial. The NSOs can only be perceived by the public as credible and independent institutions if they are seen to produce useful statistical information for the whole society, and not just or mainly for the government. In this regard, the role of communication with users, the media, and the public at large is increasingly important for NSOs. It was emphasised that statistical offices should produce not only figures but also information that can be transformed into knowledge. Statistical offices should help the users to understand data by providing analysis and a good documentation of the data.

46. Among many governments there is an increasing desire for evidence-based decision-making, greater transparency, and measurable monitoring of results. This presents both a challenge and an opportunity for official statistics. Transparency applies also to the activities of the statistical office and is a way to increase its credibility.

d) Issues generating demand for statistics

Documentation: CES/2004/14 and CES/2004/15

47. Mr. Jean-Michel Charpin (France) served as the Discussant for this session.

48. In the last decade, statisticians have been faced with the challenge of meeting increasing demand for statistics to measure the new economic and social developments, such as globalisation, immigration, population aging, sustainable development, information society, etc. A further challenge has been to meet the demand for a wide range of indicators formulated by policy makers, whether for regional policies or at the global level following the UN summits. While, in general, the regular statistical programme provides relevant statistical outputs that are appreciated by regular users, this system might not always be able to meet the policy requirements. The importance of re-prioritisation of the work programme when facing new demands from society was underlined.

49. In this context, the Conference emphasised the need for a more pro-active approach by statistical agencies. Being able to anticipate future demands is very important. Programming statistical outputs requires long-term investments and the resources of official statistics are limited. The Conference noted the importance of striving for continuous productivity improvement in statistical agencies, which would allow resources to be made available for new projects and for handling unexpected requirements.

50. Statistical offices need to be more active in giving advice to the policy makers, that choices about indicators for monitoring a specific phenomenon are based on criteria such as impartiality, comparability, availability/feasibility, timeliness and cost, and taking into account the views of a wide range of users. In selecting the appropriate data sources for estimating the new indicators,

statisticians should aim at integrating, as much as possible, the additional needs for data into the existing system of sources for official statistics and should avoid increasing the burden on respondents. Sustainability of good quality time series should be also ensured. The role of official statisticians is to advise on whether an indicator proposed by policy makers or other users is the appropriate one to monitor the development in the area, or whether another indicator is more suitable and should not be limited only to a provider of basic statistics.

51. Establishment of negative priorities was discussed. However, after excluding statistics for which there are legal or contractual obligations, there might not be much room left for negative prioritisation. Besides, the discontinuation of programs often gives rise to protests and creates bad publicity. Anything that impacts the capabilities of future activities must also be avoided in the process of setting negative priorities.

52. When demands for new statistics are made, the issue of funding should be raised. The implications on the investment needs in the statistical system must be acknowledged. It was suggested that projects which come with their own funding should, as far as possible, be kept separate from the regular programs so as not to influence the prioritisation of the regular work and thus create a false perception of the available resources.

e) Official statistics as a brand

Documentation: CES/2004/16, CES/2004/17, CES/2004/18 and CES/2004/32

53. Mr. Vladimir Sokolin (Russian Federation) served as the Discussant for the session.

54. The discussion focused on measures to increase the visibility of statistics and to create a recognisable brand for official statistics that is associated with independence, quality, integrity, and credibility. This requires ongoing efforts to build a better understanding of the importance of statistics to modern society and highlight the unique contributions that official statistics can make to public policies through quantitative analysis and research.

55. Different views were expressed concerning what should be covered by the brand 'official statistics': whether to limit it to NSOs or to include all statistics produced by government agencies. The experience of New Zealand showed that including other government organizations in the statistical system proved useful in making them aware of the associated commitments and responsibilities. A recent review of the official statistical system in New Zealand defined a model which includes the identification of a set of the most important key official statistics (Tier 1) that are performance measures of the country. The identification of Tier 1 statistics is primarily based on the purpose of the statistics and not on who produces the statistics. The intent in introducing the Tier 1 concept is to ensure that the important statistics that departments use to advise and inform government Ministers, and which are of broad public interest, will be of consistently high quality and integrity and will comply with the fundamental principals of official statistics. It was noted that branding official statistics is also relevant to international statistical organizations.

56. The brand of official statistics is strongly linked with quality. The crucial problem is finding the right balance between improving the quality and the resources required for that. The practical assessment of quality is not an easy task. Statistical offices are carrying out user surveys in order to

obtain information on different user groups and their requirements on quality. It was highlighted that users are also data providers. They must be convinced that their collaboration strongly affects the quality of the final product.

57. The role of the Internet in the branding and marketing of statistical products was considered. Internet dissemination plays an increasing role in developing an image of the statistical office as a reliable source of high quality information among a wide audience of users. New tools for visualisation of statistics open up possibilities for new products on the Internet. The Federal Statistical Office of Germany demonstrated the use of innovative tools for visualisation of statistics on their website (www.destatis.de/basis/e/bevoe/bev_svg_var.htm). The desirability of common structural elements in the NSO websites was pointed out. It was recommended that this topic be dealt with at the UNECE work sessions on statistical dissemination.

58. Providing data on the Internet free of charge is a general trend across NSOs. It makes statistics available to a much wider group of users and thus increases the usefulness of data. However, it was pointed out that, regardless of the increasing importance of Internet dissemination, other dissemination channels (e.g. news media) should not be neglected.

59. In conclusion, Ms. Heli Jeskanen-Sundström highlighted that the keywords in the discussion had been quality and credibility. Maintaining credibility requires constant daily work. The motivation, culture, openness to innovation, and high level of knowledge of staff are keys to success. Countries were encouraged to send descriptions of good practices to the UN Statistical Division to be included in the database available on the Internet.

V. SEMINAR ON MEASURING PRICES AND VOLUME IN THE SERVICE SECTOR

a) Introduction

60. The seminar was organised by the Office for National Statistics, United Kingdom, in cooperation with Eurostat, the Netherlands, Denmark, and the European Central Bank. Mr. Len Cook (United Kingdom) chaired the seminar. He noted that the service sector has been rising steadily in developed economies for many years and users are increasingly asking for more information on the service sector because it produces much of the growth in the developed economies.

b) Current international practice for measuring price and volume in the service sector: overview

Documentation: CES/2004/19/Rev.1, CES/2004/20, CES/2004/21, CES/2004/38, CES/2004/40 and CES/2004/42

61. Mr. Brian Newson (Eurostat) served as the Discussant for this session.

62. There is a wide variety of work currently underway in NSOs and a growing number of international expert groups active in the field. Many manuals and handbooks have been produced in the last five years. Now, the challenge is to implement them nationally. In this work, it is essential to bring together not only national accountants and price statisticians but also business statisticians.

The manuals are especially useful for the economies in transition and developing countries where the services sector is a very rapidly growing area. The Internet was seen as an important vehicle for the dissemination of manuals, handbooks and information on who does what in the area of service sector statistics.

63. The problems in developing methods to measure services statistics were discussed. There are difficulties in defining the output of certain services, such as financial services, insurance, professional services, accounting, engineering, consultancy, education, and public administration services. There are also problems in measuring price indices for service industry outputs, which often involve complex pricing of outputs that are bundled and might change frequently over time.

64. While consumer prices are fairly universally collected, not many countries measure output prices for services and, of these, only a minority attempt broad coverage. Since services are heterogeneous, it was suggested that it is better to look at various sub-sectors rather than the sector as a whole. Different approaches need to be used for different types of services. It was noted that statisticians should strive for harmonisation of methods in measuring the services sector regardless of the different practices in countries.

65. The Conference noted that the OECD Short-term Indicators for Services Task Force is in the process of preparing a manual on practical methods for compiling a monthly (or quarterly) Index of Services Production. The need for a wider country participation and input to the OECD initiative was emphasised. Because the development of an Index of Services Production is closely related to national accounts concepts, the need for contribution from and coordination with work in this field should also be addressed.

66. Measurement of services is a costly exercise. In view of the importance of the service sector, policy decisions need to be taken. Various stakeholders (e.g. in transport, education, health, etc.) should be brought together in this process.

67. Consideration of an international division of labour among the national statistical offices concerning international trade in services was suggested. Today, indices produced by certain countries are used by others. To this end, the need for assistance to transition and developing countries was recognized.

c) Current international practice for measuring price and volume in the service sector: non-market services

Documentation: CES/2004/22 and CES/2004/23

68. Mr. Peter Van de Ven (Netherlands) served as the Discussant for this session.

69. The session focused on measuring volume growth of non-market services. These constitute the services produced by the government and non-profit institutions servicing households that are supplied for free or at economically insignificant prices.

70. In the absence of observed prices, the volume of non-market services cannot be measured using the same methods as in the market sector. Many countries are using input methods to measure

the volume of non-market services. However, some countries are moving towards output methods, that is, to measure the units of outputs produced and to weight them together using the relative costs of production. When measuring the volume change of non-market services, a clear distinction should be made between the activities of the relevant producer, the output (the actual services produced), and the outcome (the results in a specific field which may be affected by factors not related to the production activity). Furthermore, the improvement of the quality of output should be taken into account. It was pointed out that only a small number of countries are currently working on these issues and the area would benefit from more international cooperation. The increasing availability of source data and studies gives a better opportunity to use output measures. Furthermore, it was stated that new approaches to measure productivity and make productivity adjustments to the input methods should also be explored.

71. There is an increasing demand by users to measure the performance of government services. Countries are working to identify appropriate methods to address this politically sensitive area. It was pointed out that the performance of the NSOs also needs to be measured.

72. International collaboration and exchange of experience in measuring non-market services is greatly needed. Countries are currently adopting different strategies to measure non-market services and it is important to use common methods. This would also help the NSOs to be more credible when measuring the performance of government services.

d) Output measures of services volume

Documentation: CES/2004/25, CES/2004/26, CES/2004/27, CES/2004/37, CES/2004/39 and CES/2004/41

73. Mr. Ole Berner (Denmark) served as the Discussant for this session.

74. The session focused on market output measures of services volume. It was recognised that it is preferable to obtain volume of service output by deflation. Since prices are available for market services, in contrast to non-market services, the challenge is to produce Producer Price Indices (PPIs) for market services. It was generally agreed that national accounts needs are an important factor for the development of PPIs for the service sector and the national accountants and price statisticians need to work together.

75. The main challenges faced by countries in developing PPIs for services are: (i) the heterogeneity of services; (ii) the difficulty to define service products; (iii) changes in quality; (iv) new and disappearing products; and, last but not least, (v) resources required by the regular production of PPIs for services. It is a complex area that requires resources similar to PPI for goods.

76. In the EU, the efforts to improve price and volume measures for services have been greatly supported by the compilation of Eurostat's Handbook on Price and Volume Measures in National Accounts and the revision of the Short Term Statistics Regulation which prescribes quarterly PPIs for a whole range of services.

77. Countries have adopted different strategies concerning the improvement of the output measures of services volume. Several countries have chosen to reach, as a first step, the broadest

possible coverage of industries by acceptable PPIs, and to improve the quality of indices as a second step. Other countries prefer to use best possible methods, industry by industry, from the very start. It was stressed, however, that in all cases the continuation of inadequate methods should be avoided. Regarding the choice between monthly and quarterly frequency of PPIs, the most important factors to be taken into account are resource implications, response burden for enterprises, and price volatility in many service industries.

78. There is increasing awareness in countries of the importance of PPIs for the services sector. Different countries are at different stages of development of these indices. A few countries are well advanced and have comprehensive plans. However, most countries have just started and quite a few have no plans. It was emphasised that the development process can be made more effective through international exchange of information and cooperation. It was stressed that it is crucial to capitalise on existing knowledge at the international level before developing new manuals. The Conference agreed that existing working groups and task forces that are active in this area should address this issue.

e) The use of service sector statistics by external users

Documentation: CES/2004/28 and CES/2004/30

79. Mr. Werner Bier (European Central Bank) served as the Discussant for this session.

80. The services sector constitutes about 60-70 per cent of Gross Domestic Product (GDP) in developed economies and represents a considerable part of the growth. Therefore, there is increasing interest in reliable comparisons of these data. The users include policymakers, central banks, trade unions, employees/employers in wage discussions, etc. To respond effectively to this growing interest, the NSOs need to investigate users' priorities for service sector statistics and how these differ across the different user groups. The discussion focused mainly on the requirements of central banks.

81. With regard to the financial institutions, the measurement of services is extremely important to better understand the dynamics of the economy. As some services are particularly sensitive to cyclical changes in the economy, data on services can give signals about the performance of the economy as a whole. These data play an important role in assessing the inflationary pressures and allowing banks to formulate monetary policies.

82. Central banks have identified some priorities with regard to the data they need, namely new short-term statistics indicators (output, output prices, and employment), more frequent data (monthly or quarterly), better timeliness, greater disaggregation of data into more homogeneous sectors, and improved coherence, coverage and accuracy. Different opinions were expressed concerning the desirable frequency of the statistics on services. The discussion showed that banks would welcome monthly data but NSOs were concerned with the feasibility of producing such data and their volatility.

83. Measuring the services sector implies high costs and long-term investment. It was emphasised that the countries starting to deal with these issues now can make use of the rich experience already acquired by those countries who have dealt with the topic for years, and thus shorten the

implementation process. Some offices are able to produce quite a good selection of service sector data. However, as services account for a large part of GDP, users are always asking for more detail and better quality. To achieve this, one possibility is to redirect resources from measuring the PPI in manufacturing to services. This shift of focus requires a policy decision and big debates can be expected on this topic.

84. The implementation of service sector statistics calls for effective coordination and leadership. Eurostat's successful work in harmonising the Consumer Price Indices, the Leadership Groups, and Centres of Excellence were mentioned as good examples that can be followed in implementing the PPI for the service sector. A coordinated approach and common implementation strategies at the European level are needed. It was noted that small countries do not necessarily need to compile the same level of detail as large countries.

85. The division of labour in the international work on service sector statistics was discussed. It was stressed that there is a need for a clear division of roles between Eurostat and OECD, the latter being responsible for international coordination of work on the service sector. A suggestion was made that, for example, OECD could establish common lists of services products and definitions, and Eurostat could coordinate the implementation in the EU area (concerning weights, aggregation methods, etc.) and create a practical manual on measuring PPI in services. It was noted that there is no single easily accessible source for information on product specifications and definitions (some information is available on the Voorburg group website but it is not easy to find it). It was also pointed out that there are not enough detailed classifications of services and it would be useful to look at this issue in the 2007 revision of Central Product Classifications.

86. In conclusion, Mr. Cook noted that the seminar highlighted the importance of services statistics. There is a need to coordinate the implementation of common approaches in measuring the service sector and to share the knowledge. There have been huge measurement challenges to the statistical systems through the development of information and communication technology and globalisation and it is important to keep pace with these. The balance between data produced on manufacturing and services is an important issue that needs to be solved at the policy level. There has been considerable progress in services statistics through the development of manuals and handbooks and the work of the Voorburg Group, but much more needs to be done in their implementation.

VI. SELECTION OF TOPICS FOR THE SEMINARS TO TAKE PLACE DURING THE 2005 PLENARY SESSION

Documentation: CES/2004/WP.6 and CES/2004/WP.7

87. The 50th Conference decided that two seminar sessions should be organised at the annual plenary sessions - one to deal with foundational issues of statistical systems and the second to deal with emerging issues.

88. Based on the results of the survey conducted electronically by the UNECE secretariat in April 2004, the Conference selected the following topics for the seminars in 2005:

- For the session on foundational issues of statistical systems:

Improved data reporting: electronic reporting; decreasing burden on respondents.
Session organiser: United States. ONS-United Kingdom, Statistics Finland, and Statistics Lithuania offered to contribute to the seminar.

- For the session on emerging issues:
Measurement of sustainable development: what is the role of official statistics, what are the analytical tools that are needed to measure it and what kind of information needs to be collected. Statistics Sweden volunteered to organise the seminar. An outline for the seminar session is provided in document CES/2004/WP 7.

VII. ADOPTION OF THE REPORT

89. The report of the plenary session was adopted by the Conference at its closing session on 10 June 2004.