

**SHORT-TERM ECONOMIC STATISTICS EXPERT GROUP (STESEG) MEETING, 27-28 JUNE
2005
DRAFT REPORT AND PROGRAMME OF FUTURE WORK**

1. The fourth meeting of the OECD Short-term Economic Statistics Expert Group (STESEG) was held in Paris on 27-28 June 2005. The meeting was attended by delegates from 26 OECD Member countries and representatives from the Bank for International Settlements, European Central Bank, the European Commission's Eurostat the Economic Commission for Latin America and the Caribbean (ECLAC), and staff from the OECD Secretariat. The agenda for the meeting, background information and final meeting papers are available on the meeting website¹.

2. This brief report summarises the main issues discussed at the meeting and outlines the draft STESEG work programme for the next 12 months for your consideration and comment (refer Section I below). At this stage it is envisaged that the next plenary meeting of STESEG will be held in Paris on 26-28 June 2006. It is proposed that the agenda for the meeting will provide for additional time for national presentations on emerging issues such as those outlined below in paras. 23-24 and the possibility of an additional day devoted to presentations and discussion on short-term economic statistics in large emerging economies (e.g. Brazil, China, India, etc.).

3. The focus of discussion at this years' STESEG meeting were documents and draft manuals, etc, that had been disseminated on 2 May 2005. These comprised²: material prepared by the STESEG task forces on short-term indicators for services and administrative data; the pre-publication version of the *Data and Metadata Reporting and Presentation Handbook*; and a proposal to develop comparable quarterly unit labour cost indices for OECD Member countries. The meeting agenda also included: OECD proposals for the creation of a revisions analytical data base for key short-term economic statistics; on-going maintenance of the *OECD Short-term Statistics Timeliness Framework* created in 2004³; and the joint OECD – Eurostat workshop on benchmarking held in Luxembourg in April 2005. The final session of the June meeting entailed discussion of options for future STESEG work.

4. Delegates strongly supported the finalisation of the work of the two existing task forces over the period July 2005 to June 2006 and the addition of additional elements into the STESEG work programme. Discussions at the meeting further highlighted the essential need for more extensive input from national agencies across OECD Membership, both through active participation within task forces or the provision of appropriate input and comment at crucial periods over the coming 12 months.

5. The main elements of STESEG work over the next 12 months are:

- Preparation of a final draft of the *Index of Services Production Manual* for comment by STESEG at its June 2006 plenary meeting and subsequent approval by the OECD Committee on Statistics (CSTAT) by written procedure.
- Continuation of work of the task force on administrative data leading to the creation of a web-based “publication” on methods to expand the use of administrative data for short-term economic statistics for comment by STESEG in June 2006.

¹ Available at <http://www.oecd.org/std/steseg2005>

² Compilations of comments received on these documents from national agencies are available at the URL provided in footnote 1.

³ Available at www.oecd.org/std/research/timeliness

- Creation of a web-based revisions analytical data base for key short-term economic statistics for consideration by STESEG in June 2006. GDP and possibly industrial production (depending on resource availability) will be the indicators initially included in the database.
- Preparation of the publication version of the *Data and Metadata Presentation Manual* for approval by CSTAT and subsequent publication in the second half of 2005 in both hardcopy and internet versions.
- Care and maintenance of the *STES Timeliness Framework*.

6. As for this year, papers and draft documents to be discussed at the next STESEG meeting will be sent to countries by 28 April 2006. Countries will be invited to review these and consult within their organisation to identify its “position” with regard to recommendations and their possible implementation. STESEG delegates will also be asked to forward a brief written submission (five pages maximum) outlining their organisation’s views and comments on the task force recommendations, etc, to the OECD by 9 June 2006.

7. As mentioned in the STESEG report for 2004, the creation of CSTAT will necessitate changes to the Group. The Committee will oversight the STESEG work programme and the annual STESEG meeting report will be submitted to the Committee for comment. All recommendations, draft manuals, etc, prepared by the Group will need to be approved by the Committee. Once STESEG is formally a subsidiary body of CSTAT future STESEG meetings will be chaired by a Member country delegate. Information will be provided on the process for electing the chair and two vice chairs. Other changes in the operation of STESEG were outlined in para. 6 of the 2004 STESEG report⁴.

A. TASK FORCE ON SERVICES

8. STESEG expressed strong support for the draft *Index of Services Production (ISP) Manual* disseminated to delegates at the beginning of May. Comments received both before the STESEG meeting and discussion during the meeting gave considerable recognition for the need to complete the Manual and identified areas where enhancements should be made for the preparation of the final draft at the end of April 2006. The main issues discussed and / or changes to be incorporated in future drafts include:

- The Manual should contain an appropriate balance between concepts and practical examples using material from countries, though the inclusion of additional practical experiences, etc., from NSOs, etc, would further enhance the usefulness of the Manual. It was considered (by ECLAC for example) that the Manual would also be of practical use by developing countries.
- Presentation and flow of the draft will be reviewed so that recommendations are stated more explicitly and made clearer to users. There should also be further harmonisation between some Sections, e.g. between the Introduction and other substantive Sections such as Sections C and D (recommended variables) and Sections D and E (types of indices and quality framework). At the same time, some technical material should be moved to Annexes and more related information will be added via footnotes or links throughout the Manual, e.g. Eurostat will provide further information based on the Short-term Statistics Regulation.
- Further clarification for the objectives of an ISP is required, for example, addressing more clearly the relationship between real gross value added and real gross output. At the same time, it was felt that no further refinement on the definitional and terminological options for various terms / items presented in

⁴ <http://www.oecd.org/dataoecd/37/32/33723444.pdf>

the draft is necessary except for making recommendations more explicit and improving harmonisation with the recommended variables in Section D. Of particular importance will be the need to revise the Manual as soon as new classifications are adopted by Member countries, e.g. ISIC Rev. 4.

- STESEG members gave unanimous support for the three category approach adopted in the current draft, i.e. “preferred”, “alternative” and “other”. It was also felt that the tables of recommended variables are well structured with clear and helpful layout. Most countries commented that the range of variables presented was helpful and comprehensive. The US, however, commented that the recommended variables and deflators deserved a more thorough review for completeness and that the concluding remarks in the deflation section required a better balance between Fisher and Laspeyres.
- There is need for the insertion of additional text describing how to compile weights, particularly for an annual chain-linked index. Further consideration will also be made regarding the periodicity of rebasing and chaining; i.e. annual vs. five yearly.
- Finally, there is still the need for the provision of further relevant practical examples based on national experience. Delegates are invited to list specific areas in the Manual where it is felt these are needed, and any suggested input based on their own experience or from elsewhere.

9. A revised version of the draft Manual will also be presented at the 2005 meeting of the Voorburg Group for further input. The Services Task Force will remain in operation until mid-2006 and will work on the preparation of a final version of the ISP Manual for review at next years’ STESEG meeting.

B. TASK FORCE ON ADMINISTRATIVE DATA FOR SHORT-TERM ECONOMIC STATISTICS

10. The Task force on administrative data was established out of the STESEG 2004 meeting. During 2004-2005 a strategy for task force activities was finalised, various papers were received from task force members, and an updated set of strategies were written and presented to STESEG delegates at the beginning of May 2005. This paper generated over 18 pages of comments which were discussed both by the task force, which met on the margins of the STESEG meeting, and in the plenary STESEG meeting itself. In essence, the discussion by both the task force and the plenary group agreed upon a future direction for the administrative data project, including a set of timelines for future work.

11. It was decided that the administrative data task force should aim for two outputs, with the first result leading directly into the second. Nearly all STESEG members agreed that the administrative data project should have a dynamic web-based framework, similar to the timeliness framework, which brings together all issues associated with using administrative data based on national experience to date. From this first resource it should then be possible to create a very small guide summarising best practice when using administrative data for short-term economic statistics.

12. The task force, with the general agreement of STESEG, prepared a timetable to achieve these two outputs. A letter will be drafted and sent to all NSIs seeking relevant papers before the end of July 2005. The letter will request that all relevant administrative data papers be forwarded before November 2005. The task force would then review and classify them and if needed meet in March 2006 to finalise the framework. This would then be presented to STESEG 2006 where comments and feedback would be sought. The task force would then commence planning the small best practices guide. At this stage it is not yet certain whether the guide would be available for presentation and discussion at the June 2006 STESEG meeting.

C. CREATION OF A REVISIONS ANALYTICAL DATABASE FOR KEY SHORT-TERM ECONOMIC STATISTICS

13. During the STESEG meeting the OECD presented plans to establish a revisions analytical database, initially for GDP and its expenditure components covering all OECD countries for the period 1995-2005. This work was undertaken by Professor Tommaso Di Fonzo, University of Padova, Italy with the assistance of OECD staff. There was strong interest in this work, in particular, for an extension of the database to include the index of industrial production (IIP). Such a database would provide comparable information on the size and significance of revisions across OECD countries. STESEG participants were also interested in the possibility of analysing the historical behaviour of revisions to IIP around turning points in the business cycle and the tradeoff between recent improvements in timeliness and the subsequent size of revisions. An initial version of the database together with some draft recommendations for the presentation of revisions analyses and on inputs to such analyses could be presented and discussed at the 2006 STESEG meeting.

14. The extension of the OECD revisions analytical database to include the IIP and possibly other variables (such as retail volume indicators) will require the support of Member countries through the provision of staff for short-term appointments and /or other forms of joint work in this area. National agencies who may be interested in such arrangements are invited to indicate this in their responses to this report (see Section I below).

D. TIMELINESS AND BENCHMARKING

15. A brief presentation was given on the usage of the *STES Timeliness Framework*, a website (refer footnote 3 for URL) containing a collection of good practices used in OECD countries for improving timeliness, reducing costs of production and improving accuracy across all phases of the statistical production process for short-term economic statistics. The Framework, which was developed by the previous STESEG taskforce on timeliness and benchmarking and officially launched in September 2004, appears to be frequently accessed as indicated by web-trend statistics generated from the OECD website.

16. There was strong support at the meeting to continue to maintain and update the contents of the *STES Timeliness Framework* and that the STESEG should play an ongoing role in its continued promotion. The framework will be updated in September 2005 based on submissions received from countries following a request for new material in March 2005, and a review of proceedings from relevant statistical conferences and workshops that have taken place over the last year.

17. The application of benchmarking and temporal disaggregation techniques to short-term economic statistics has been a major focus of STESEG meetings since its inception. At the 2005 meeting participants were made aware of the comprehensive set of reference material on recent theoretical developments and examples of practical applications to official statistics (including access to free software) arising from the recent OECD / Eurostat workshop on "Frontiers in Benchmarking Techniques and Their Application to Official Statistics" held in Luxembourg on 7-8 April 2005. This material⁵ could provide a basis for NSIs to review their current use of benchmarking techniques and identify opportunities to make improvements in aspects of their statistical programs.

⁵ Available at

http://epp.eurostat.cec.eu.int/portal/page?_pageid=1853,19167133,1853_41880052&_dad=portal&_schema=PORTAL

F. DEVELOPMENT OF COMPARABLE QUARTERLY UNIT LABOUR COST INDEXES FOR OECD COUNTRIES

18. The OECD's proposal to produce comparable quarterly unit labour cost indexes for OECD countries for on-going publication in *Main Economic Indicators* was discussed and met with the general approval of STESEG participants. Whilst some feedback was received on the methodological issues raised in the paper, the general consensus was that STESEG is not the appropriate forum to discuss this work. Consequently, the OECD will consider closely the link between progressing this work and that on productivity which met with very strong support at the CSTAT meeting in Geneva in June 2005.

G. PUBLICATION OF THE DATA AND METADATA REPORTING AND PRESENTATION HANDBOOK

19. A pre-publication version of the Handbook was presented to STESEG for final comment and for resolution of a very small number of outstanding conceptual issues (mainly concerning the presentation of growth rates and seasonally adjusted data). In the preparation of the Handbook the authors have sought an appropriate balance between providing sufficient detail and specific guidance on reporting and presentation recommendations that would be of use to users. Extensive use has been made of links and references and publications and selected examples of good practice in "information boxes" which serve both to illustrate the recommendations and to break the text.

20. There was strong support for the finalisation of the Handbook and the OECD will incorporate relevant comments and suggestions provided both in written submissions prior to the STESEG meeting and during discussion at the meeting into the Handbook for submission to CSTAT for approval by written procedure after summer 2005. Hardcopy (in French and English) and web versions of the Handbook will be published in the second half of 2005. Publication will coincide with a publicity campaign by the OECD to encourage implementation of the guidelines and recommendations included in the Handbook and for national and international organisations to provide appropriate references and links to it on their websites, etc.

H. POSSIBLE AREAS OF NEW WORK FOR STESEG

21. A large component of the resources available in STD (primarily in the Short-term Economic Statistics Division (STES)) will be utilised on the STESEG activities outlined in para. 5 above. However, there is still some limited capacity to undertake work over the next 12 months in new areas. Similarly, there is the possibility for national presentations at the June 2006 STESEG meeting on their experience in some of the emerging areas outlined below in para. 23. The last item on the June STESEG agenda entailed discussion of options for such new work.

22. For example, considerable interest was expressed by some countries on methodologies currently used by national agencies to link different historical versions of their short-term economic statistics, particularly when they are rebased / reweighted. It appears that a range of methods are used and that terminology for describing methods is not clear. Participants felt that it could be beneficial for STESEG to conduct a review of current methods used across OECD countries with a view to presenting best practice guidelines and clear terminology.

23. Other topics suggested by STESEG⁶, either prior to the June 2005 meeting or at the meeting included:

⁶ A number of other topics were suggested that are probably more appropriate for other forums, organised by the OECD, by the OECD with other organisations such as the European Commission and Eurostat, or other groups such as the Paris Group on

- review of recent techniques in seasonal adjustment that have arisen since discussion of this topic at the first STESEG meeting in June 2002. This could, for example, involve presentations from relevant national agency(ies) and also include recent work at the national level on trend-cycle analysis;
- graphical presentation of short-term statistics – demonstration of good practice;
- aggregation and comparison of geographic data;
- recent developments in data validation techniques;
- role of NSIs in describing and analysing short-term economic trends – current national practices;
- current national practices in the confidentialising of short-term statistics;
- impact of the implementation of classifications (e.g. ISIC Rev. 4) on short-term statistics.

24. Other possible topics that could be considered for future work by STESEG include the development of recommendations for short-term indicators for investment through direct collection of capital expenditure data. Finally, there could also be interest in presentations on current and future developments in short-term economic statistics in some of the large non-member economies such as Brazil, China and India.

25. Your views on these options for new areas of work and an indication of priorities from your perspective would be very welcome in your comments to this report (refer para. 28 below).

I. STESEG WORK OVER 2005-2006

26. In conclusion, your views are sought on the STESEG work programme proposed for 2005-2006. This programme entails:

- preparation of a final draft of the *Index of Services Production Manual* as outlined in Section A above;
- continuation of work of the task force on administrative data as outlined in Section B above;
- further work on the creation of a web based revisions analytical data base for key short-term economic statistics for consideration by STESEG in June 2006 (refer Section C above).
- care and maintenance of the *STES Timeliness Framework* (as described in Section D above).

27. The OECD would also be interested in obtaining your views / thoughts and relative priorities on the possible topics outlined above in paras. 22-24 for new STESEG work and / or for national presentations at the June 2006 STESEG meeting. Similarly, you may also wish to propose other specific ideas in the area of short-term economic statistics for STESEG to undertake, either over the next 12 months or in subsequent years.

Labour and Compensation Statistics. These topics include owner-occupied housing in CPIs, measurement of asset prices, PPIs for services, development of methods to estimate or forecast industrial production using business tendency survey data, short-term labour input statistics for productivity measurement.

28. To enable the finalisation of the STESEG work programme just after the end of summer, your views on the above are sought by **19 September 2005**.

29. Finally, the OECD would like to thank agencies for their participation in STESEG this year and for their contributions both during and prior to the meeting last June. In particular, we would also like to acknowledge the valuable contributions of those involved in the work of the various Task Forces.

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