

OECD SHORT-TERM ECONOMIC STATISTICS EXPERT GROUP (STESEG), 28 – 30 JUNE 2004

COMMENTS RECEIVED FROM COUNTRIES ON THE WORK OF THE TASK FORCE ON TIMELINESS AND BENCHMARKING

The focus of the 2004 meeting of the OECD Short-term Economic Statistics Expert Group (STESEG) to be held in Paris on 28-30 June will be discussion of draft documents containing recommendations from the task forces created at previous STESEG meetings arising from their work on: short-term indicators for services; data presentation and seasonal adjustment and; timeliness and benchmarking. These documents were forwarded to STESEG participants on 30 April 2004 with a request that written comments be provided by 10 May. The documents are available on the STESEG website at <http://www.oecd.org/std/steseg2004>.

This document presents comments received by 13 June in response to the papers prepared by the taskforce on timeliness and benchmarking. Countries / organisations contributing comments for this topic as contained below were: Switzerland; Norway; US Census Bureau and the Bureau of Labour Statistics (BLS); ISTAT and Bank of Italy; Russian Federation; Netherlands; Luxembourg; China; Ireland; South Africa; Sweden; New Zealand; Austria; United Kingdom; Finland; Germany and the European Central Bank (ECB).

A. Comments on STES timeliness framework (www.oecd.org/std/research/timeliness)

General comments

Finland STES Timeliness Framework on the OECD website seems user friendly and the structure enables a user to find information by subject. The website is a very useful tool, for the reason that it gathers experiences and practises of different national agencies.

Austria Austria highly welcomes the work of the OECD on this matter.

The OECD has implemented the site basically well, although there should be still put some work in improving the appearance of the site in order to enhance usability. Last but not least it is remarked again, that it will be necessary to update the site continuously. If it is helpful and up-to-date, in the long run the promoting will be done by itself.

Sweden Statistics Sweden supports the initiative of the STESEG group to collect documentation on good practices for improving timeliness or reducing costs in the production. As the documented methods cover all the production processes and, as a large number of countries have contributed to the documentation, Statistics Sweden is of the opinion that they will give good possibilities for all countries to find practicable methods for improving timeliness of short-term statistics. It is important and of great value that the documents included in the STES Timeliness Framework all have been used for improving timeliness or reducing costs with proven success.

Norway The STES Timeliness Framework is an excellent website with logical structure and relevant papers (as far as I have seen). The challenges are of course multiple. One is to make the website known to statistical institutions. With the help of STESEG this is maybe one of the easier tasks. Another is to keep the website updated and relevant which is a crucial part if this website shall be an important supplier of solutions for better timeliness.

Luxembourg The timeliness framework, as it is presented on the OECD website, supplies the producers of short term statistics with useful methods based on international experiences that could not only help to improve timeliness, but also to reduce the burden and costs both of the enterprises and of the statistical agencies. Although the framework will continue, the first version is already presented in a user-friendly structure and contains many helpful documents. The very diverse and so-called *good practices* are certainly of use to all statistical agencies that want to improve the timeliness of their short-term economic statistics.

The task force that works under the mandate of STESEG should continue its valuable work in order to improve yet more the contents and the presentation. The NSIs should be encouraged to use the draft conclusions of the framework and to promote the content not only in the domain of short-term economic statistics, but to analyse how they can help to improve timeliness in other domains.

Switzerland La documentation disponible en ligne (www.oecd.org/std/research/timeliness) à ce sujet est très extrêmement riche d'informations et promet un haut degré d'utilité pratique, mais pour l'instant nous ne sommes pas en mesure de prendre position. Nous nous réservons la possibilité de revenir sur la question une fois que nous aurons eu l'occasion de nous familiariser avec le contenu de cet inventaire.

Comments on structure and content of the framework

Italy The first version of the STES timeliness framework represents a very promising starting point of the project: the general structure of the documentation database is quite user friendly and the content of the database is already relevant enough to spur the interest of statistician dealing with the production of timely statistics. In fact, as the address of the framework web site has been communicated to a few specialists at Istat the reactions has been very favourable and the bookmark has started to spread among people working in the field of short term statistics. From the specialists asked for a review of the framework emerged some suggestions: 1) re-think the structure of the Estimation heading, taking into account the characterization of the sample design and micro/macro level of the estimation process; 2) find a way to sort the documentation by sector (or by indicator) and by country.

United Kingdom The web interface provides an extremely effective an intuitive structure to allow users navigate quickly to relevant documentation. A summary of papers provided by each country would be helpful.

New Zealand The information is presented in a concise, user friendly manner. The web page is well structured and easy to navigate.

Sweden Statistics Sweden is of the opinion that the structure for the presentation of good practices is excellent. The structure follows the production of statistics step by step, making it easy for users to find information on the production processes that they consider to be deficient and that could be improved. It is effective to first provide general information and then, via links, direct to more detailed information on each area. The structure has been tested and used by Statistics Sweden during the course of 2003 in project work focused on timeliness of short-term economic statistics. This has meant that the search for successfully-used methods has been more thorough. It has also guided presentations of project results.

Netherlands We consider the structure of the timeliness framework user friendly. We do not have any particular suggestions for improvements.

US BLS A number of people found the topics listed in the framework to be the appropriate statistical processes to consider. However, one suggested that coverage and examples could be greatly expanded and more comprehensive by adding a list of conferences and other sites that contain relevant but not necessarily categorized materials. While these would not be reviewed by the workgroup, a user could choose to review the sites for possible resources. One commenter questioned not including relevant theoretical results. If an implemented technique contained in the timeliness framework was not clearly described, theoretically, then borrowing the method would be difficult.

Germany We welcome the STES Timeliness Framework. However, that structure can only be a first step. Because of the wealth of information, it should be examined whether there are further criteria by which the papers could be structured. It should be checked whether finding the required information might be even more facilitated by using suitable keywords and a search machine.

US Bureau of Census We find the overall structure of the framework to be an effective means of organizing the presentation of best practices. We offer the following comments on its content and presentation format:

- Add a section on Techniques for improving response
- Add a subsection on Frame development under “Frame selection and administrative data use.”
- “Reference period and due dates” should be included within the broad statistical category “Data collection and validation.”
- Attention is drawn from the contents of the framework by the various links to other OECD products and services. A “clean” less busied look would be more desirable.
- The document heading of the framework implies the contents address only timeliness and cost issues. Many of the papers address other qualitative issues.
- The link headings should be shortened and better organized. “Documents covering a wide range of techniques to improve timeliness” under Overview could be shortened to “Improving timeliness”. “Preliminary estimates based on statistical modeling” under “Estimation” could be shortened to “Modeling” and so forth. This would facilitate the user’s search of relevant links within the broad statistical categories.
- The organization of these document links could be improved as well. For example, the link to respondent relations under “Data collection and validation” should be with other data collection links and not after data validation methods.
- The distinction between the various document links is not always clear. The need for different links for “efficient sample designs” and “effective sample selection methods” is not obvious.
- The link for “estimation based on lower response rates” is not clear.

Luxembourg suggests three main improvements of the presentation format:

- to provide the same documents in French, the second official OECD language,
- to provide the same documents in MS Word format,
- to provide the same documents in one compressed file (zip format)

Those three additional formats would allow a much wider promotion of the documents as well as the possibility of editing and using text parts in other documents.

The ECB supports the work of the TF in identifying means that improve timeliness of short-term indicators (STS) without losing accuracy. Two remarks on the coverage and the structure of the current framework: (i) The heading for the latest section (8. Overview) might be amended, as one expects an overview section at the beginning of such a framework. (ii) The inclusion of a (real) overview section at the beginning might be considered. This section might also include references to the legal framework in which short-term statistics are collected in the countries. A chapter might include the references to European legal acts, relevant for short-term statistics.

Comments on the request for further papers

Italy As for contributing with new submission to the documentation database, Istat is very interested in maintaining the due attention to the framework sending papers that are potentially interesting.

Finland The site contains among other things the implementation report of the country-stratified European sample of retail trade in Statistics Finland. The report is soon to be replaced with the final report of the project. The final report was sent to Eurostat on March and to the STESEG timeliness working group on the beginning of June.

United Kingdom At this time the UK has no further papers to submit (in addition to the 11 submitted already and 8 used). We continue to monitor the relevance of our research and outputs in this context.

Sweden Statistics Sweden is currently working intensively to improve timeliness of the short-term economic statistics and also to reduce costs for the production of statistics. It is therefore probable that Statistics Sweden will soon be able to submit further reports in this area.

US BLS BLS is not submitting additional papers at this time. In July, BLS plans to provide an update of the paper *Benchmarking State Labor Force Estimates in the United States*, which was presented by Sharon Brown at the STESEG meeting in June 2003 and is included in the framework. The updated paper will provide June 10, 2004 more description of the proposed real-time benchmarking method and actual estimates developed during the Dual Estimation Period currently underway.

US Bureau of Census The Census Bureau recommends a scan of the Statistical Policy Working Papers and Agency Methodology Reports on the Federal Committee on Statistical Methodology (FCSM) website for inclusion in the timeliness framework. The FCSM website can be accessed at:
<http://www.fcsm.gov/reports/>

The following ECB paper might be added to the framework: Werner BIER and Henning AHNERT "Trade-off between Timeliness and Accuracy: ECB Requirements for General Economic Statistics." First published in Dutch in *Economisch Statistische Berichten (ESB)*, March 15, 2001, No. 4299. The English version of the paper is available at the IMF's web site at
<http://dsbb.imf.org/vgn/images/pdfs/bierahnert.pdf>

Comments on methods for updating the framework

Italy The process of updating and enlarging the framework could be based on a network of NSOs contact persons to be singled out through STESEG members (that could possibly play themselves this role); those contacts persons shall be in charge for collecting candidate papers within their organisation. At the same time the STESEG group should establish a small task force charged with the supervision of the framework: carrying out the ongoing review of the conceptual structure (may be yearly, submitting the proposed changes to the STESEG meeting); acting as an editorial board to ensure a sufficient quality and relevance of the papers posted in the web site.

United Kingdom The UK would support a regular (annual) trawl by STESEG of member countries to request additional papers and submissions.

Sweden Statistics Sweden supports all ideas that have been presented in the paper and would particularly like to call attention to the significance of clearly showing the STES Timeliness Framework on the OECD website, of presenting articles in OECD, UNDS and ISI newsletters with links to the STES Timeliness Framework, of including a standing item on the agenda at the STESEG meetings, to invite contributions of new reports at the STESEG meetings and, above all, that STESEG members work actively to present the STES Timeliness Framework in their own organisations.

US BLS Perhaps an annual request for new papers could be sent to countries, through the STESEG.

South Africa Members should be encouraged to submit papers on the latest innovations. The framework should be updated on a continuous basis, at least once a year.

US Bureau of Census An effective means of ensuring maximum use of the timeliness framework is to develop a system that:

- Contains relevant, comprehensive and current content;
- Is efficient in its design and available on demand;
- Is intuitive and pleasant to use.

ECB One way to ensure that the framework is up-to-date might be the creation of a mailbox to which contributors can send any updates, new material, papers etc. they want to have added to the framework. A Framework-Master, responsible for the maintenance of the framework, ensures that the update will be done and adds a flag to the web site to inform users.

Comments on methods to promote the framework

Italy The actions proposed to promote the utilisation of the timeliness framework makes already a quite comprehensive list. However, it must be stressed that the active role of STESEG members in informing potential users about the framework within their organisations can be probably singled out as the most effective action.

United Kingdom General awareness can perhaps best be increased through events like the STESEG meeting in June. It is probably best that country delegates/representatives to promote within each member country.

Sweden In order for the STES Timeliness Framework to be used to the maximum, it must become well-known in the OECD member countries and also in other countries. Several of the ideas on how the STES Timeliness Framework should be updated in the future will also contribute to the usage of the Framework. STESEG members have a special responsibility to spread information on this Framework in their home countries.

Netherlands

Keeping the timeliness framework up to date (preferably on a continuous basis than on an annual basis) is particularly important. STESEG members could actively promote the framework within their own organizations. Some suggestions for the promotion are:

- a. Create a separate section on timeliness on the statistical offices internal websites, containing, amongst others, a description of the framework, a link to the OECD website, a call for relevant material, the name of the STESEG member to contact.
- b. Organizing a timeliness workshop within the statistical office. We recently did so, and it offered a good opportunity to inform colleagues who are either interested in or actively involved with timeliness issues about the framework. It also offers the possibility to keep in touch with the workshop participants and regularly inform or ask them about new developments/material.

US BLS Among the suggestions made were to announce the STES Timeliness Framework in OECD publications, highlight it at relevant conferences, and put it on OECD websites.

South Africa NSOs to provide a link between their respective websites and the OECD website. This will raise public awareness of the framework in the respective countries. Other methods are included in the discussion document.

B. Comments on Promoting the use of Benchmarking techniques

Priorities that should be placed on using benchmarking techniques for STES

Italy The utilization of benchmarking techniques to improve various aspects of the quality of STES is indeed an approach that deserves a careful consideration on the part of NSOs. However the application of benchmarking to STES implies to develop a system of economic statistics ensuring the coherence between low frequency (structural) statistics and high frequency indicators. In this respect the development of the benchmarking approach can be considered as a long-term effort, involving first of all the design of structural surveys, possibly conflicting with more immediate targets pursued in the upgrading of the national system of STES. While this is, in our opinion, the crucial aspect to be tackled in the discussion on the implementation of benchmarking, we feel that the work of the task force has not proceeded beyond the **enunciation** of general principles representing just the first step in the development of a framework to be applied to highly differentiated systems of economic statistics. In fact, it could be worthwhile to discuss in the STESEG meeting the possibility of utilising for the benchmarking issues the same documentation approach launched in the field of timeliness.

Finland The STES Timeliness Framework provides an efficient tool for benchmarking. The question for the future is, how to regularise the use and updating of the site and how to inform national agencies of its benefits.

In the UK, benchmarking has not been given high priority. In some areas (for example wages and salaries) growth rates based on annual surveys differ considerably from the annual growth in the equivalent monthly series. Additionally, coherence checks are typically made when data from the annual source become available. The monthly and annual data are reconciled on a business by business basis (certainly for the largest companies which appear in both the monthly and annual surveys). In this way 'benchmarking' is achieved at the level of the source data, rather than by adjusting the aggregates. However, this reconciliation of sources is never complete, and some differences will remain between the short-term and structural sources. In the UK this has not been seen as a particular problem, and the remaining differences can generally be accounted for by differences in definitions and sampling errors.

New Zealand Given the increasing push towards using administrative data for short-term economic statistics we anticipate more use of benchmarking. We may investigate running annual or quarterly business surveys and use administrative data for short-term movements. Particularly with respect to Retail Trade where EFTPOS data is more timely.

Sweden In the recent past, Statistics Sweden has used benchmarking methods in several contexts to improve the quality of statistics. Statistics Sweden believes that it would be advantageous to implement benchmarking methods in several countries. Statistics Sweden also feels that it would be beneficial if benchmarking methods were used in a consistent way between countries.

Netherlands We fully agree with the idea of benchmarking. Some specific comments:

- To avoid possible confusion in the discussions on this issue, it may be a good idea to distinguish between *vertical* benchmarking (aligning more frequent data with less frequent) and *horizontal* benchmarking (aligning non-integrated data with integrated data relating to the same period). The paper deals with the first type of benchmarking.
- It should be pointed out that benchmarking does not only have advantages, but also disadvantages, e.g. the fact that series of short-term statistics, such as the monthly index of industrial production, are continuously revised. A possible way out of this may be to publish the revised data as well as the original (unadjusted) data so that users have a choice between them.
- More use could be made of benchmarking using *related* indicators/statistics.

South Africa The use of benchmarking in South Africa is a priority as it might play a central role (like it did in the U.S.) to:

- help reduce sample sizes (and resultant costs),
- improve timeliness, and
- facilitate convergence between sub-annual and annual data.

But South Africa is still faced with the challenge of introducing monthly or quarterly surveys to cover all the sectors of its' economy and introduce more annual surveys.

Ireland The main question addressed in this paper is the first one – is the use of benchmarking for short-term statistics a high priority. With the ever increasing demands placed on respondents the need to benchmark is becoming I believe ever more important, not least as it may provide new methods for exploiting existing data or indicators.

China Benchmarking for short-term economic statistics (STES) is helpful to evaluate and improve the accuracy of STES, for the differences between the high and low frequency data are inevitable only if they comes from different data sources, and the high one is generally less accurate.

Germany Using benchmarking methods is always welcome because they improve the quality of short-term economic statistics. The decision as to whether to use such methods will be taken by the statistical offices themselves within the scope of benchmarking among those offices.

Russia One of the basic features of short-term economic statistics is that its opportunities do not always coincide with the actual coverage of reporting observation units. So, data for the same economic variable, collected on the basis of annual inspections and current (monthly, quarterly), can be submitted by different circle of the reporting organizations. In such a case short-term parameters will be less exact and are displaced on the value in comparison with a more exact annual data. In this connection, Russian statistics is interested in studying the method of benchmark testing (estimation of the same economic variable in various frequencies) with the view of achieving the minimization of discrepancies of financial indicators collected on the basis of the annual accounting and current statistical reporting and used in national accounting.

US Bureau of the Census encourages the use of benchmarking methods for short-term economic statistics. We benchmark our monthly (and quarterly) series to annual survey data and they, in turn, to the results of our economic census. The Census Bureau uses software developed in-house in meeting its objectives. For monthly surveys, our objectives are to constrain the twelve-month totals to equal the annual estimates while minimizing differences between the month-to-month changes estimated before and after benchmarking.

Luxembourg The process of correcting inconsistencies between several sources of comparable data is very useful. Adjusting high-frequent short-term statistics to low frequent annual data should especially be used for quarterly national accounts. For other short-term economic statistics, Luxembourg considers the benefit to be less important. Therefore, an implementation of benchmarking methods for other aims than national accounts has a less high priority.

Switzerland Jusqu'ici, l'Office fédéral de la statistique ne dispose d'aucune expérience en la matière. Nous sommes toutefois très intéressés à connaître le développement des techniques de benchmarking et, si l'occasion devait se présenter, de les expérimenter dans des cas très spécifiques. Nous serions donc favorables à ce que le STESEG continue de poursuivre ce volet et d'envisager la possibilité de promouvoir à titre expérimental l'utilisation d'ECOTRIM.

Bank of Italy With reference to the first of the two key issues mentioned in the paper, I am not in a position to express a view on whether the use of benchmarking techniques is a priority or not, since it is very much related to the OECD “list of actions”. Having said that, I think that this issue is very important and it deserves attention.

US BLS The paper was a great description of the use of benchmarking, its advantages and potential remedies when a good series to benchmark against is not available. Citing a conference with proceedings on the methodology is useful.

Promotion of the ECOTRIM software

Italy In discussing the utilisation of the software ECOTRIM, the background paper seems to make a sort of simplified equivalence between benchmarking and temporal disaggregation. Indeed the ECOTRIM software can be a very convenient device for performing the temporal disaggregation needed when infra-annual indicators are benchmarked to annual statistics; in turn, the methodological issues involved in choosing the benchmarks go well beyond the identification of the right disaggregation technique. As for the promotion of the ECOTRIM software, we agree with the proposal put forward in the paper.

Statistics Austria will test the software depending on available resources.

Statistics NZ is investigating replacing our INTERP program. However, we are unsure about ECOTRIM at this stage. There was no mention Cholette's work and his BENCH program.

- We have used Cholette's benchmarking methodology since 1985. We wrote our own program. Originally it was just used in National Accounts, but is now used in other areas e.g. demography
- We are looking at Guerrero's methodology. A paper about our work will be published soon.
- We are considering looking at ECOTRIM for GST temporal disaggregation issues.

Statistics Sweden plans to use benchmarking to improve the reliability in the monthly industry production index through checks against the annual estimations of industry production. Statistics Sweden would consider it a great advantage to be able to try ECOTRIM for this checking.

South Africa Make it freely available on the Eurostat website.

Ireland Whether we use ECOTRIM or some other tool is of less importance but certainly its use should be promoted. Ideally not only the tool but also the series requiring benchmarking should be promoted. If this were done as a harmonised project it would help test and promote ECOTRIM and perhaps also promote a harmonised approach to benchmarking methodology.

China The ECOTRIM benchmarking software could provide means for NSOs to experiment with benchmarking. In order to achieve it, the software should be experimented with various indicators by more NSOs and their researchers to be recognized.

Germany The Federal Statistical Office cannot yet comment on the ECOTRIM benchmarking software because that software has not been applied yet in German federal statistics, so that no relevant experience has been made.

US Bureau of the Census are not familiar with the ECOTRIM software. Before even testing its use, we would want to evaluate its documentation and any research results.

Luxembourg Nevertheless, using ECOTRIM – even only at an experimental manner - could help to evaluate the quality gaps between several comparable data sources. Therefore, the software should be widely promoted by making it freely available on the Eurostat website.

Bank of Italy In principle, the role of STESEG in promoting the use of benchmarking techniques can be useful; in practice there might be some difficulties in pushing for a wide adoption of ECOTRIM. In this respect, I find it useful to recall the previous experience with the development and dissemination of the software DEMETRA by Eurostat. DEMETRA is a statistical software which allow the seasonal adjustment by using either Tramo-Seats or X12-Arima; it also allows a quick comparison of the results obtained by running the two methods on the same time series. In spite of the major developments of DEMETRA over the last few years, as far as I know its actual use by NSIs or NCBs is quite limited. I think that the main reason is that DEMETRA is a very powerful software, but it might not be integrated easily into the statistical and econometric packages used by the main users (NSIs and NCBs) to store and elaborate the time series. For instance, at the Bank of Italy we use Speakeasy to analyse the time series and then we would need to develop an interface between DEMETRA and Speakeasy; at the moment there is no need for that, since Tramo-Seats and X12 are both already available in Speakeasy. I think that a similar situation might be faced with ECOTRIM. Therefore, to guarantee a wide adoption of ECOTRIM one should first think of issues such as the technical assistance to users, the availability of an help desk, the development of interfaces with the main statistical packages, etc., i.e. activities which go beyond the quality of the benchmarking techniques which is adopted.

On the basis of what just stated, as a first step STESEG could promote the dissemination of the information concerning the characteristics of ECOTRIM, collecting feedback from users on their needs. This basic information could represent a valuable starting point for undertaking next steps.