

Administrative sources used in the field of statistical business register in Slovenia

Aleksandra Lešnjek
Statistical Office of the Republic of Slovenia

Abstract

The paper presents different forms of cooperation between administrative and statistical institutions and their benefits for statistical purposes as well as the coverage and characteristics of main administrative sources used in the field of statistical business registers.

The National Statistics Act in Slovenia is in the field of statistics the main tool that enables the cooperation between statistical and administrative institutions in an efficient way. It clearly defines that for the purpose of rational implementation of the activities of the national statistics, the Statistical Office of the Republic of Slovenia (SORS) and other authorized producers make use of identifiable individual data from various official and other administrative data collections of the public and private sectors (records, registers, databases, etc.) which are kept on the basis of law or written consent of the individual. In compliance with law, register holders must, free of charge, submit to SORS and to authorized producers all the requested information. By linking data from official and administrative data collections with data collected under the programme of statistical surveys SORS creates, keeps and maintains its own statistical registers, as well the Statistical Business Register and the Register of Enterprise Groups.

A very important way of cooperation with administrative data providers are also Statistical Advisory Committees established for wider fields of work defined under the Programme of Statistical Surveys. In this respect the Advisory Committee for Administrative Sources has an important role. Members of that committee are representatives of all main administrative sources in the country that are used also for statistical purposes. The main task of the committee is to follow up the development and the content of the administrative sources as well as their legislation and to have the opportunity to discuss the mentioned field of work in a constructive way. The Statistical Advisory Committee may set up special working groups to perform individual tasks in the field of operation of their work scope, too.

In the paper additionally some main characteristics of the important administrative sources used in the field of business register are presented (Administrative Business Register, annual accounts, Court Register, the Central Register of Dematerialised Securities and monetary settlement of securities transactions).

1. Cooperation with administration

1.1 History

Slovenia decided for register-based statistics in the 1970s following predominantly the Nordic model of setting up and keeping registers. Because of the needs for informatised and centrally kept data, the Statistical Office of the Republic of Slovenia (SORS) has set up three base administrative registers: the register of territory, the population register and the business register. These three registers represent the basic administrative core of data on the territory, population and business entities. Because of increased needs for setting up and keeping statistical registers for various observation units, after 1997 SORS transferred the mentioned three registers to other authorised national institutions and started developing EU harmonised statistical registers that enable quality and comparable dissemination of data on various observation units. By transferring the management of registers to other institutions, SORS turned from the keeper of administrative registers to the user of administrative registers, keeping the role of the co-ordinator that uses administrative data as a source and possibility to rationalise procedures and improve the quality of statistical surveys.

1.2 National Statistics Act

The National Statistics Act in Slovenia (1995) is in the field of statistics a tool that enables the cooperation between statistical and administrative institutions in an efficient and straightforward way. It clearly defines that for the purpose of rational implementation of the activities of the national statistics, the Statistical Office of the Republic of Slovenia (SORS) and other authorized producers make use of identifiable individual data from various official and other administrative data collections of the public and private sectors (records, registers, databases, etc.) which are kept on the basis of law or written consent of the individual. In compliance with law, register holders must, free of charge, submit to SORS and to authorized producers all the requested information. By linking data from official and administrative data collections with data collected under the programme of statistical surveys SORS create, keep and maintain its own statistical registers, as well the Statistical Business Register and the Register of Enterprise Groups. SORS may not transmit data from the statistical registers in such a way which enables the identification of the reporting unit involved. Data from these registers may be used for statistical purposes only. Under this act the statistical purpose shall be to provide disseminate aggregated data on mass phenomena.

Although the statistical act makes use of all public and private sector data, the professional practice of SORS is to make contracts with all the relevant institutions for receiving data in the prescribed electronic form, which keeps the continuity of receiving the data in the agreed form irrespective of the management changes in the cooperating institutions.

1.3 Statistical Advisory Committees

A very important way of cooperation with administrative data providers are also Statistical Advisory Committees for individual fields of national statistics that are established as professional methodological advisory bodies. Those bodies have a long tradition in the national statistics in Slovenia since they had been established long before they were formally introduced by the National Statistics Act in 1995. Their work had significant impact on the development of national statistics in Slovenia at expert level and in the co-operation of institutions in common efforts to provide quality, timely and relevant statistics.

For solving particular issues that are subject of their work, advisory committees may establish special working groups. Currently there are 25 advisory committees for different fields of statistics with around 340 outside members and 95 SORS members. Members of advisory committees are appointed by the heads of individual institutions upon SORS's proposal.

The president of a statistical advisory committee is always the person from other institution, while the vice-president and the secretary are usually members from SORS.

Main tasks performed by advisory committees are:

- to exchange knowledge about sources and methodological solutions in implementing statistical surveys;
- to discuss the content of the topical medium-term and annual programmes of statistical surveys and to provide initiative regarding amendments of and supplements to these programmes;
- to propose rationalisation and modernisation of national statistics in the field of work covered by the advisory committee;
- to discuss classifications from the field of work covered by the advisory committee, which could be used as national standards;
- to inform the Statistical Council of the Republic of Slovenia about the implementation of tasks performed by the advisory committee and about the issues important for the Statistical Council of the Republic of Slovenia if deemed necessary;
- to discuss questions and initiatives of data providers and data users;
- to inform the public about the work of the advisory committee, documents, opinions and proposals, especially on SORS's website.

One of the committees deals with administrative sources. The main task of the Advisory Committee for Administrative Sources is focused on the field of collecting, using and harmonising data from administrative registers for statistical needs and purposes. In the past SORS put a lot of effort in developing administrative registers and making them operational, while these days SORS is one of the largest users of register data. In addition to monitoring the development and content of administrative registers and records, the task of the Advisory Committee is to monitor legislation and good practices in this area, which presents an important flow of information among various institutions in the field of development and use of administrative data. Members of the Advisory Committee for Administrative Sources are representatives of various institutions representing primary keepers of various administrative registers and data collections and their main users (AJ PES, different ministries, different chambers, the Pension and Disability Insurance Institute of Slovenia, the Health Insurance Institute of Slovenia, the Bank of Slovenia, the Court Register, etc.).

1.4 Working group for business register purposes

In the field of the Administrative Business Register (ABR) SORS and the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJ PES) in 2007 established the Working Group for Methodological Issues of the ABR whose main tasks are:

- to co-operate in methodological issues regarding the introduction of the revised classification of activities NACE Rev. 2 in the ABR;
- to determine the content and prepare the guidelines for structural ABR questionnaires with which annual verification of the main and subsidiary activities is planned for

statistically important enterprises and to register for them statistically important local units in the ABR

- to co-operate in methodological issues of keeping the units in the ABR, demographic events (merger or acquisition) and for the statistical purpose other important contents related to the ABR.

The group meets several times a year to harmonise activities, and all the time communicating and solving topical problems of keeping the ABR also in electronic way. Further on recent important activities of the group as a result of good and constructive co-operation of statistical and administrative institutions are briefly presented.

1.4.1 An example of good practice of cooperation with AJPES in the field of reclassification to NACE Rev. 2

The whole project of implementation of NACE Rev. 2 was in our office divided into several stages due to the complexity of the necessary actions involved. 61% of units were able to transform automatically from NACE Rev. 1.1. to NACE Rev 2., while 39% of units could not be transformed automatically and needed a special treatment.

Due to the extensiveness of the work, in the beginning of 2007 SORS decided to perform a part of the reclassification of units of the SBR in close cooperation with one of our authorized producers of statistics, Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES), which is legally responsible for the Administrative Business Register that had to be reclassified to the new NACE classification as well.

SORS decided that the most appropriate solution for non-automatic reclassification of units would be to substitute a paper survey with an electronic survey, which is in practice more efficient and less costly. In the field of electronic surveys SORS has neither enough experience nor appropriate software solutions. In this field AJPES is already carrying out a large statistical survey in the field of labour market in electronic form for the purpose of SORS and has considerable expertise in the mentioned field of collecting the data in electronic way.

Both institutions were actively involved in the methodological designing of the electronic questionnaire for the qualitative reclassification. In this respect the simplicity and user-friendly approach were considered. The questionnaire was designed in a way that the present main activity code in NACE Rev. 1.1. already appeared on the screen. At the same time the codes in NACE Rev. 2. to which the old code corresponds by the correspondence table were presented too. The enterprise had the possibility to choose one of the already offered codes or to select another one from the list of codes or by entering a part of text. The programme offers the closest hits of codes matching by entered text. Later on AJPES programmed the e-questionnaires for units where the automatic transformation of the main activity code to the new NACE was not possible and carried out the e-survey, sent reminders to units in consideration and dealt with non-respondents.

The survey started at the beginning of September 2007 and ended in the middle of December. All units in consideration were informed about the obligation to recode their main activity code to NACE Rev. 2 with the assistance of the e-questionnaire which was installed at the AJPES website. For security reasons, units in consideration received a special unique code that enabled them to enter the web application. Since AJPES operates through regional offices, the assistance of their clerks in the process of reclassification was at their disposal all time during the reclassification process. Since the survey started at the beginning of September, the first

deadline for response was set up for the end of September 2007. At that time the response rate was 38%. Later on the deadline was extended by a month and at the end AJPES contacted the non-respondents by telephone. All those actions increased the response rate to about 70%. Nevertheless, it was not possible to make contact with some units. Those units were reclassified on the basis of the provisional conversion matrix (prepared by SORS) or available (mainly administrative) data.

A special agreed transmission format for sending the data to SORS weekly was prepared for the purpose that the source and time stamp of reclassification of units could be identified. At the same time AJPES with this kind of cooperation reclassified the whole ABR and at the same time both institutions benefited from the realised activities. In this way the ABR was reclassified to NACE Rev. 2 by the administrative survey and all the users of the ABR benefited from it. If SORS carried out the statistical survey, its benefit could be made only for statistics, since SORS is by the National Statistics Act not allowed to share statistical data for administrative purposes. And what is the most important from the point of enterprises they received when necessary only one questionnaire as regards the new NACE, but their answers were used for several purposes.

1.4.2 Future important tasks of cooperation with AJPES

One of the most important future activities is to improve the coverage of local units in the ABR. In the years since the ABR was taken over by AJPES the number of registered local units has fallen considerably. The reason is that enterprises do not want to register in the ABR their units that are not important for them since by registering them they would increase their administrative burden. A part of the problem is that elimination or entry of local units is implemented by AJPES strictly administratively, only on the basis of strictly prescribed documentation or procedures. Thus in cases such as acquisition of one enterprise with local units, these local units are not attributed to the enterprise which acquired the enterprise with units if the enterprise does not register the units with appropriate administrative procedures or documents. In a number of meetings of the methodological group as well as the meetings at the managerial level of both institutions it was decided that radical changes are needed in this area, which must be implemented starting with the amendment of the umbrella legislation regulating the keeping of the business register. In the future, the amendment of the Act on Business Register of Slovenia is planned, which would define as mandatory registration of the important local units (above a certain threshold) and establish an effective system of penal provisions in case of failure to do so. Such activity is still a development activity and it is essential that both institutions agree that in this area a radical modernisation of the existing system of registration of local units in the ABR is necessary. This type of cooperation brings mutual benefits to both the administrative register, which will be more complete, of higher quality and more useful, as well as to the dissemination of statistical data, which will not be burdened with additional questionnaires exclusively for statistical purposes. Rationalisation of the activities between the two institutions is a great advantage, which is not carried out only in the area of registers but also in other statistical domains (labour market, gross investments, etc.).

2. Main administrative sources used in the field of the Statistical Business Register

There are about 150 administrative records identified for statistical purposes that are mainly managed by public entities such as ministries, agencies, etc. In the continuation some of the main sources for the Statistical Business Register are presented.

2.1 AJPES - organization

AJPES has 13 organizational units laid down in the Decision on the Formation of AJPES. The head office of the Central Office is in Ljubljana. 250 employees perform the tasks of AJPES in 14 branches. A branched network of AJPES organizational units is for the benefit of both the information providers and the information users – the State, state institutions, scientific and research institutions and other institutions, and individual business entities. The Members of the Council of AJPES and the Managing Director are appointed and dissolved by the Government of the Republic of Slovenia.

Main tasks performed by AJPES are:

1. Annual accounts
2. Statistical research
3. Registers and data records
4. Credit standing activity
5. Multilateral set-off of liabilities and receivables

For the Statistical Business Register annual reports and the Administrative Business Register are the most important sources used.

2.1.1 Administrative Business Register

One of the extensive and demanding groups of AJPES' tasks is the maintenance of various registers and data records. The most important among these is the Business Register of Slovenia (administrative business register – ABR). This is a central public database containing all business entities in the country performing any type of profit or non-profit activities.

Thus, the Business Register of Slovenia contains data on more than 170,000 business entities. Information about the identity, formation, legal and organizational form and performed activity is provided for each business entity.

Data about business entities appearing in the Business Register of Slovenia, except information on sole proprietors, are obtained by AJPES from individual registration authorities with which the business entities are registered. In keeping with its long-term goal, AJPES endeavours to collect all data on business entities in one place so that users can access it through a single resource. In the second half of 2005, AJPES was empowered as a registration authority to perform registration of the first group of business entities, sole proprietors, making the Business Register of Slovenia the primary register for this type of business entities.

AJPES is modernizing the method of collecting data on business entities from primary registers. For this reason, it has already established the appropriate computer channels with individual registration authorities. The manner of ensuring public availability of data contained in the Business Register of Slovenia has also been modernized by making the data available on the AJPES website. At the same time, it also provides the data kept in the ABR on other media, hardcopy or various electronic media.

2.1.2 Annual accounts

An extensive and demanding group of tasks performed by AJPES involves collecting, processing, publishing and disseminating data extracted from annual accounts (reports) submitted by business entities. In accordance with the regulations, all business entities in the country (companies, sole proprietorships, institutes, budgets and other legal entities of public law, non-profit organizations-legal entities of private law, and societies) must submit their annual

reports, or certain data from their annual reports, to AJPES to ensure availability of the data for public viewing and compliance with national statistics requirements. Most business entities only submit one annual report to AJPES for both purposes (national statistics and public availability). There are about 75% of business entities liable to submit such data to AJPES.

AJPES checks the logic and calculation of the information referred to in annual reports, corrects any irregularities in cooperation with business entities, performs collection or entry of the data, and electronically processes the data. Then it forms 5 basic databases with regard to individual types of business entities: separate databases are created for companies, sole proprietors, legal entities of public law (institutes, budgets and other legal entities of public law), non-profit organizations - legal entities of private law, and societies. The data of the business entities referred to in these databases can be merged in several ways, either at the level of their activity, municipality, region, state, or according to their size, capital and other criteria.

AJPES collects the information from annual reports submitted by business entities for national statistics purposes and sends them to state authorities and organizations, scientific research institutions and other organizations to plan and analyze national economic flows. AJPES uses data from the annual reports to collate information packages about the financial standing and business results of individual types of business entities and publishes these packages on its website. AJPES is required to provide the annual reports submitted by business entities for the purpose of ensuring public availability to any person requesting such information.

AJPES provides the data either on paper or via different electronic media. The most advanced means of providing data to the public is through the publication of annual reports of companies and sole proprietors on the AJPES website, providing users with a comprehensive, easy and fast way of accessing this information. The obligation of publishing annual reports on the AJPES web portal is laid down in the Companies Act.

2.2 Court Register

The Supreme Court of the Republic of Slovenia is the highest appellate court in the country. It functions primarily as a court of cassation. It is a court of appellate jurisdiction in criminal and civil cases, in commercial lawsuits, in cases of administrative review and in labour and social security disputes. It is the court of the third instance in almost all the cases within its jurisdiction. The grounds of appeal to the Supreme Court (defined as extraordinary legal remedies in Slovenian procedural laws) are therefore limited to issues of substantive law and to the most severe breaches of procedure. One of the activities of the Supreme Court is also to keep and maintain the Court Register.

The legislation stipulates that all companies-legal units with the exception of small and medium-sized sole proprietors must be registered in the Court Register. Data on the entity of entry are kept under its identification number in the central informatized database. The identification number for legal and natural persons in Slovenia is assigned by the ABR and is used in almost all administrative registers. That kind of approach enables to link the administrative data from different sources as efficiently as possible.

Entry into the Court Register means that conditions for establishing individual forms of business entities, especially companies, have been fulfilled and that the entered business entities can perform certain activities because at registration the existence of legal conditions is ascertained and legal protection and legitimacy of operation are protected. By entry into the Court Register, companies obtain the status of legal persons. Besides the ordinary variables, it comprises the structure of ownership for all legal persons that are subject of entry in the register in absolute

values. The majority of data from the Court register are passed over to ABR for new and already registered units.

Due to the above mentioned facts, the Court Register was found out efficient also as a primary source of data for identifying the parent company for limited liability companies for enterprise groups and is at the same time a very important source for identification of different kinds of demographic events such as mergers, takeovers, splits, etc. Data from the Court Register enable to identify the control with the share of investment in the company of the holder that is a legal or natural person on the territory of the Republic of Slovenia or abroad.

On 1 February 2008 many novelties were introduced in the area of registration of companies in the Court Register. A portal called e-VEM was set up for companies which enables the provision of certain services at a distance, i.e. via the Internet, where simple limited liability companies can register with the use of qualified digital certificates, can open temporary transaction (deposit) accounts, can be entered into the tax or trades register, can register or deregister their employees, etc. In a similar way, it has been possible to register sole proprietors at a distance since 2005. In the future, similar registration is foreseen for non-profit institutions.

Registration procedures through the e-VEM system are free of charge, all court decisions are published on the AJPES website, which on 1 February 2008 took over the technical management of the Court Register database, while legal matters are still being decided by the courts. This way of merging the Court Register and the ABR will also improve the quality of ABR data, as due to technical connectivity of the two bases the amendments will be entered on the same day in the ABR database.

2.3 Central Securities Clearing Corporation

The Central Securities Clearing Corporation (KDD) was founded on 10 January 1995 as the first and only institution in Slovenia to provide central securities custody services, clearance and settlement of securities transactions and maintenance of the central register of holders of dematerialised securities in the Republic of Slovenia. It is a joint stock company, established by law regulating the securities market for performing the services of calculation, equalisation and providing payment on the basis of securities transactions on organised securities market. As regards the central register, the supervision over the Central Securities Clearing Corporation is in the hand of the Securities Market Agency. KDD's operation is regulated by the Securities Market Act on the basis of which KDD was issued the operating licence by the Securities Market Agency. At the outset maintenance of the central register was regulated by the Government's Decree on Dematerialised Securities and on its basis the Government of the Republic of Slovenia authorised KDD to maintain the central register and carry out activities related to dematerialised securities. In 1999 the Dematerialised Securities Act was passed which substituted the Decree.

The fundamental task of the Central Securities Clearing Corporation is to keep the central register of dematerialised securities and monetary settlement of securities transactions for joint stock companies.

The central register of dematerialised securities is the central informatised database into which the rights from dematerialised securities, holders of these rights and eventual rights of third parties on securities are entered. The legal holder of a dematerialised security is the person

(legal or natural, national or foreign) to whose benefit the dematerialised security is recorded in the central register. Only the legal holder may exercise the rights from the dematerialised security.

The Central Securities Clearing Corporation, which has data on ownership shares of parent companies in daughter companies, is thus the source of data for identifying parent companies of joint stock companies on the territory of the Republic of Slovenia. Control can be identified with the share of the holder that is a legal or natural person on the territory of Slovenia or abroad. The data from the source were transformed so that the relationship “economic operator–holder–share of the holder in the economic operator” was determined. Holders can also be legal or natural persons as non-residents. According to our analysis, these data are very reliable and usable for enterprise groups; however, it has to be mentioned that these data are limited only to joint stock companies.

Conclusion

In Slovenia setting up of administrative registers was the main tasks performed by SORS. Now many public bodies are successfully developing this task further thus contributing to the rationalisation of procedures, decreasing the burden of reporting units and quality dissemination of data for various domains. After transferring base administrative registers to other institutions, SORS found itself in the role of their largest user in setting up its own statistical registers. Nevertheless, it is important that SORS kept genuine co-operation which yields good results and bears mutual benefits with rational burden of reporting units.

We are aware that demand for statistical information is constantly growing, so it is that much more important to manage the reporting burden by activating administrative sources. It is not always simple to activate administrative sources for statistical purposes, but with successful and persistent co-operation with administration it is possible to meet many statistical demands in a more simple way.

Reference

- National Statistics Act (OJ RS, No. 45/95 and 9/2001)
- Internet (<http://www.ajpes.si>, <http://www.sodisce.si/eng/default.asp?id=1236>, <http://www-en.kdd.si/>)