

DRAFT SHORT-TERM ECONOMIC STATISTICS EXPERT GROUP (STESEG) WORK PROGRAMME - JULY 2004 TO JUNE 2005

1. The third meeting of the OECD Short-term Economic Statistics Expert Group (STESEG) was held in Paris on 28-30 June 2004. The meeting was attended by delegates from 24 OECD Member countries, Brazil, China, the Russian Federation and South Africa, representatives from the Bank for International Settlements, European Central Bank, the European Commission's Eurostat, and staff from the OECD Secretariat. The agenda for the meeting, background information and final meeting papers are available on the meeting website at <http://www.oecd.org/std/steseg2004>.

2. The documents and draft manuals, etc, prepared by the three STESEG task forces on services; data presentation and seasonal adjustment and; timeliness and benchmarking that had been disseminated on 30 April 2004 were discussed at the June meeting. Delegates believed this work continued to be of high national priority and strongly supported the finalisation of task force activities over the period July 2004 to June 2005. 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.

3. 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. At this stage it is envisaged that the next plenary meeting of STESEG will be held in Paris on 27-29 June 2005.

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

- preparation of a comprehensive draft *Index of Services Production Manual* containing text in almost all Sections outlined in the prototype version discussed at the June meeting. The intention is to prepare a final version of the Manual for submission to the OECD Committee on Statistics for approval in early 2006;
- preparation of a final version of the *Data and Metadata Presentation Manual* for approval by the OECD Committee on Statistics at the end of June 2005;
- finalisation of the *STES Timeliness Framework* before the end of 2004. Work over the next six months will primarily entail incorporating changes suggested by countries to the current version, reviewing additional papers referred to the OECD for possible incorporation, and promotion of the Framework to ensure its use by national statistics agencies;
- work on a new topic on methods to expand the use of administrative data for short term economic statistics, by using statistical transformation processes to overcome common data quality problems.

5. As for this year, papers and draft documents to be discussed at the next STESEG meeting will be sent to countries by 29 April 2005. Delegates 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 10 June 2005.

6. The creation of the OECD Committee on Statistics will necessitate changes to STESEG. As mentioned at the June meeting, a proposal from the Committee will be submitted to the OECD Council recommending that STESEG becomes a formal subsidiary body of the Committee. 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. Future STESEG meetings will be chaired by a Member country delegate and information will be provided towards the end of this year on the process for electing the chair and two vice chairs. The creation of STESEG as a subsidiary body of the Committee will also entail changes in the operation of the Group, the main ones being:

- the use of OLISnet as the main means of disseminating draft documents to STESEG delegates prior to the plenary meeting. At its June meeting this year the Committee on Statistics determined that all documents produced by it and subsidiary bodies will be available for general dissemination unless there is a need for any specific document to be “classified” and therefore only made available on OLISnet;
- national delegations to the OECD assuming formal responsibility for determining which national agency(ies) will attend STESEG meetings. In this regard there is a need for your organisation to establish contact with the OECD delegation. Information on how to do this will be provided in the coming months;
- possible greater use of written procedure to obtain national feedback on issues relevant to short-term economic statistics between STESEG meetings. To minimise burden on member states such requests will be kept to a minimum.

A. SERVICES TASK FORCE

7. STESEG expressed strong support for further work on the prototype *Index of Services Production (ISP) Manual* disseminated to delegates at the end of April. Discussion during this session provided considerable input for work this year which will lead to the preparation of the first draft in early 2005 for discussion at a task force meeting in Paris in February. The main issues identified at the meeting to be incorporated in future drafts include:

- further clarification of the objectives of the Manual, addressing more clearly coverage and recommended frequency for the compilation of ISP. Although STESEG agreed that a monthly ISP was preferable, allowance should be made for producing a quarterly indicator. There is also a need to further clarify the conceptual foundation of ISP and the relationship between the index and estimates of GDP by industry;
- refinement of the definitional and terminological options for various terms / items presented in the prototype into a recommendation for each. Of particular importance was the need for a recommended definition for turnover. STESEG recommended that ISIC Rev. 3.1 be used as the industrial classification system as Rev. 4 would not be ready in time for the planned release of the Manual;
- the provision of information describing sources and (preferred, alternative and other) methods for compiling an ISP for each service activity, together with quality measures and recommendations for variables and deflators. Section D was regarded as the key part of the Manual and the one where most future work is required. Initial work in this Section draws mainly on experience in the UK, Canada and Korea and there is a need to broaden this with input from other countries. In this regard the experience of the 14 OECD countries that compile GDP using the production method is particularly relevant;
- ensuring that the final Manual contains an appropriate balance between concepts and practical examples using material from countries that have already prepared similar manuals for the service and other sectors that may be (made) relevant for describing the compilation of an ISP covering issues such as weighting, index aggregation, quality assessment.

8. The Services Task Force will continue to exist until at least mid 2005 to work on the preparation of a draft version of the ISP Manual for review at next years' STESEG meeting in June. Subsequent versions of the Manual will also be presented at the 2005 meetings of the Voorburg Group, OECD National Accounts and OECD – Eurostat Task Force on PPIs for Services for further input before eventual submission to the OECD Committee on Statistics in early 2006 for final approval.

9. Towards the end of the Services session Statistics Denmark presented work on the Eurostat Demand for Services project outlining the possibilities for collecting information on the purchase of services at a detailed services activity level. Some of the national delegates expressed interest in this and it was decided to maintain a watching brief on this work to identify any future involvement of STESEG, with the possibility of another presentation on this topic in 2005.

B. PRESENTATION AND SEASONAL ADJUSTMENT TASK FORCE

10. There was considerable STESEG interest in the papers on data presentation terminology, and the presentation of growth rates and seasonally adjusted data prepared by the Task Force, and the draft *Data and Metadata Reporting and Presentation Manual* that were disseminated well prior to the meeting. Differences in national and international practice on the presentation issues covered in those documents continue to complicate international comparisons. Discussions during the meeting particularly highlighted the importance of developing a common understanding of key terms and concepts relating to data presentation, though it was obvious that further refinement of the draft definitions presented to the meeting was necessary in the immediate future before further versions of the Manual are prepared.

11. During the discussion on Task Force papers on the presentation of growth rates and seasonally adjusted data the national practices and preferences were again highlighted and the challenge will be to blend these differences into a consensus in the form of a set of clear recommendations. For growth rates there was no support on the use of annualised growth rates as the primary means for the presentation of sub-annual data. With respect to the presentation of seasonally adjusted data a number of delegates saw the need to mention [highlight] the fact that seasonal adjustment entails the transformation of original (raw) data with some degree of subjectivity in the choice of methods used. There was general support for the use of seasonally adjusted data as the recommended form of data presentation in publication main features or in press releases where the focus is on the latest data. However, a number of the delegates also saw a place for trend-cycle data as a supplementary form of information to emphasize the underlying trend of the series.

12. Delegates saw the advantages of encapsulating recommendations on these data presentation issues, together with those such as the presentation of metadata, data revision, information about sampling and non-sampling errors and citation in the one document, and future changes on growth rates, etc., will be incorporated directly in subsequent versions of the *Data and Metadata Presentation Manual*. The next version will be presented to other international organisations at the September meeting of the Committee for the Co-ordination of Statistical Activity (CCSA). STESEG delegates will be consulted again by written procedure early in 2005 in parallel with consultation for the United Nations Statistical Commission (UNSC) in March. As mentioned above, a final version will be forwarded to the OECD Committee on Statistics for approval around June 2005.

13. The work of the Presentation and Seasonal Adjustment Task Force is now largely complete and the Task Force will be disbanded. Any future consultation with former members of the Task Force will be undertaken on an informal (and largely) bilateral basis.

C. TIMELINESS AND BENCHMARKING TASK FORCE

14. Developing new methodological and operational methods to improve the timeliness of short-term economic statistics continues to be a high priority for national statistical agencies. During 2003-2004, the Taskforce developed the *STES Timeliness Framework*, a website (available at www.oecd.org/std/research/timeliness) 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 was presented at the 2004 STESEG meeting and received a very positive reaction from delegates. A number of comments on possible improvements to the presentation format of the Framework were received together with new papers to be assessed for inclusion, and a revised version of the Framework to reflect these changes will be finalised by the end of August this year.

15. STESEG delegates now have the responsibility to promote the use of the *STES Timeliness Framework* within their respective organisations. To assist in this process the OECD will shortly circulate guidelines for the promotion of the Framework within national agencies, together with a strategy for obtaining new documentation for inclusion. The usefulness of the *STES Timeliness Framework* and its ongoing maintenance will be reviewed in a short session at the 2005 STESEG meeting.

16. Guidelines on the use of benchmarking techniques and their advantages for the quality of short-term economic statistics were presented and discussed at the meeting, together with a demonstration of Eurostat's windows based benchmarking software ECOTRIM. The importance of benchmarking for short-term economic statistics was noted, however, the need for an integrated program of short-term business statistics and annual structural statistics was emphasized, and that this may be a medium to long term goal for many national statistical agencies. Benchmarking is seen as a priority topic in the context of the *Index of Services Production Manual*, and consequently work will be pursued on this topic to some extent in the development of this Manual. OECD and Eurostat intend to hold a workshop on benchmarking towards the end of 2004 to which STESEG members will be encouraged to contribute and attend.

17. The work of the STESEG Task Force on Timeliness and Benchmarking is now complete and the Task Force will be disbanded.

D. POSSIBLE AREAS OF NEW WORK FOR STESEG

18. During this session two papers were presented to STESEG delegates – “Administrative data used for short-term business statistics at Statistics Denmark”, and “Using administrative data in short-term statistics: sub-annual industry surveys at Statistics New Zealand”.

19. These papers served as an introduction to subsequent discussion on possible new areas of future work for STESEG, together with feedback on other new areas obtained from the “Suggested topics for future STESEG work” questionnaire circulated to delegates at the beginning of the two and a half day meeting. Some of the additional suggestions received were discussed during this session, including: an investigation into revision policy, further work on services, and seasonal adjustment. Following discussion on the range of topics a proposal was put to STESEG delegates to establish a task force on administrative data. This proposal was supported with the proviso that a clear scope, objectives and outputs for such a task force would be defined as a follow up to the meeting discussion.

20. Statistical agencies in almost all OECD Member countries are under considerable pressure to reduce their own costs and the statistical reporting burden of data providers, particularly those in the private sector. Increased use of administrative data is seen as a means of achieving these objectives and a

considerable range of such data of potential use exists in almost all countries. However, in many instances the actual use of administrative data in their original form is restricted by concerns about quality, especially timeliness, scope / coverage, classification and conceptual differences to existing survey data.

21. The focus of the work of the new task force would therefore be the identification of specific statistical processes that could be used to transform administrative data to overcome these and other quality concerns, and hence expand the use of such data. The initial work of the task force could entail looking at who is currently making full use of administrative data for short-term statistics (including use of information collected for the 2002 STESEG meeting) and how this is being achieved, and what was done to overcome the normal obstacles of timeliness and quality. From this study a set of recommendations on good practice could be drafted for STESEG members of those countries wishing to expand their use of administrative data. Expressions of interest are now sought from countries who wish to participate in this work.

E. STESEG WORK OVER 2004-2005

22. In conclusion, your views are sought on the STESEG work programme proposed for 2004-2005. This programme entails:

- completion of the work on the *Data and Metadata Presentation Manual* as outlined in Section B above;
- finalisation of *STES Timeliness Framework* and the convening of a benchmarking workshop with Eurostat at the end of 2004, as outlined above in Section C;
- the preparation of a draft *Index of Services Production Manual* for discussion at the June 2005 STESEG meeting as outlined in Section A above;
- the commencement of work on statistical transformation processes to overcome quality and timeliness problems of available administrative data in order to expand the use of such data, as outlined in Section E above.

23. The OECD would also be interested in obtaining your views / thoughts on the scope, objectives and outputs for the new work on administrative data, together with any other specific proposals in the area of short-term economic statistics you wish to be considered for STESEG to undertake, either over the next 12 months or in subsequent years.

24. To enable the finalisation of the STESEG work programme by the end of summer, your views on these proposals are sought by **10 September 2004**.

25. 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 over the last two years.

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