

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/306  
27 January 1965

ORIGINAL: ENGLISH

STATISTICAL COMMISSION  
Thirteenth session  
Item 9 of the provisional agenda

SUMMARY OF THE COMMENTS RECEIVED FROM VARIOUS COUNTRIES REGARDING  
THE STUDY "CONSTRUCTION STATISTICS" (E/CN.3/305)

(Report by the Secretary-General)

1. The first draft of the study entitled "Construction Statistics" was completed in July 1964 (ST/STAT/8). It was then distributed to all members of the Statistical Commission and other selected countries with a letter pointing out that it was a draft study and the Statistical Office of the United Nations would be grateful to receive comments and suggestions on the study and the annexes. Replies were received from Australia, Austria, Brazil, Canada, France, Hungary, India, Japan, Malaysia, Norway, Panama, Southern Rhodesia, Thailand, the United Arab Republic and the United Kingdom. All of the replies indicated that study of the problems associated with construction statistics was important and that the document ST/STAT/8 was a useful and valuable contribution.
2. Many of the replies provided many detailed and useful data concerning the practices in particular countries which had not been mentioned in the text. It may be pointed out that only selected countries were dealt with in detail and the study is not yet final. Where appropriate, the most important aspects of these practices can be incorporated into a revised version of the study. However, it will not be possible to give detailed coverage to every technique and method of each country.
3. A large number of the replies were concerned with amendments to the analysis of country practices contained in the annexes. These changes can be incorporated and, in addition, the annexes might be extended to cover more countries.

4. The following were the main matters of principle which were of concern to those replying to the request for comments.

I. Scope and Coverage

5. As stated in the Indexes to the International Standard Industrial Classification of All Economic Activities, division 400 Construction: "does not include construction, repair and demolition work undertaken as an ancillary activity by the staff and for the use of an enterprise classified in any other division of the classification. Excavating, overburden removal, shaft sinking and dredging, when undertaken in connexion with mining, are classified in the appropriate group of division 1 (Mining and quarrying)".<sup>1/</sup>

6. It was pointed out that a number of countries treat the construction work associated with the opening of new mines as part of the construction sector.

7. Much concern was expressed concerning the problem of somehow including in construction statistics, construction work carried out by units whose main activity is other than construction. This is the own-account construction work carried out principally by units classified in manufacturing and mining and to a lesser degree in agriculture, and is particularly important in the case of dwelling construction. Essentially the problem derives from the use of the establishment (or some unit other than the technical unit or kind-of-activity unit) as the statistical unit. The ancillary activity, construction, has to be classified into the division corresponding to the major activity of the unit. The total amount of own-account construction activity carried out could be considerable. It was pointed out that, for many purposes, it is necessary to have available data relating to total construction activity and not merely that part of the activity which is conducted by units classified to division 4 of the ISIC. It might therefore be recommended (as in paragraph 4.4 of the paper) that the most important items of data for own-account construction, particularly the value of the work done, should also be shown, although separately, when construction statistics are published.

---

<sup>1/</sup> Statistical Papers, Series M, No. 4, Rev. 1, Add. 1, p. 35.

the inputs of own-account construction, and therefore its valuation, can run into problems in the case of many establishments.

8. The treatment and classification of enterprises involved in hiring out plant and equipment to construction units also appeared as something of a problem, although at least one country stated that it includes these "plant-hire firms" in the construction sector.

9. Questions were also raised concerning units engaged in the installation of machinery and equipment. Frequently the manufacturer of large items of machinery and equipment does the installation work. Thus the value of the installation work is usually classified to the same activity as the manufacture of the particular machinery and equipment. In other cases the installation work is done by a contractor hired by the purchaser of the equipment. In addition there is the situation occurring in some small countries and especially in developing countries, where the subsidiary of a foreign firm operates inside the country concerned in order to install heavy machinery and equipment ordered from and manufactured abroad by the foreign firm. The equipment does not change ownership until it is installed. It might be recommended that, whenever the unit doing the installation work can be separately identified, it should be classified in the construction sector.

10. The somewhat arbitrary borderline between construction and other activities, as can be judged from the above, causes some concern in a number of countries. If one adds to this the increasing importance of the prefabrication in factories of parts of buildings, the need to examine the ISIC from this point of view seems clear.

11. The problem of ensuring complete coverage of all those units properly falling into division 4 of the ISIC was also taken up in some of the comments made. On the one hand it was felt that the approach to enumeration through the building or construction site, as a result of identifying the units with the aid of building licences for example, might lead to the omission of sites operating in areas, such as rural areas, where licences are not required or are slackly administered. On the other hand it was felt that an approach through the establishment, however identified, might lead to the overlooking of some small construction units.

/...

## II. Statistical Unit

12. On the subject of the most appropriate statistical unit it appeared that most of those replying agreed with the recommendation contained in the paper that "it is possible to accept that in the construction industry the statistical unit can be the enterprise or the site or anything between these two" (ST/STAT/8, p.27). This flexible approach, as opposed to the much more positive approach which can be taken in the case of manufacturing for example, can be justified by the special difficulties which are associated with the collection of construction data.

## III. Frequency

13. The comments indicated agreement that the most important data which therefore ought to be collected with the greatest frequency were those concerning current activity rather than those indicating the structure of the industry. However the collection of data on the actual value of work done, especially at frequent intervals, was regarded as difficult.

## IV. Collection Difficulties

14. The difficulties of location of, and collection from, construction units were emphasized in many of the comments. One point made in connexion with coverage has already been mentioned in paragraph 11. In addition, it was felt that techniques of collecting information for sub-contractors through main-contractors have to be used with caution, especially when anything other than the value of work sub-contracted out is being requested.

15. It was also pointed out in connexion with index numbers of production, employment and price in the construction sector, that, despite the collection difficulties, special care was necessary in a sector such as construction, to ensure that the basic indicators used were sufficiently representative of the movements in the sector as a whole.

## V. Output

16. A number of replies indicated that it was important that an effort be made to measure output in physical terms. Mention was made of the value of such data for international comparisons. It was pointed out that some countries have

/...

available a list of types of buildings and construction work with alternative appropriate physical measurements against each item.

17. The replies indicated also that one approach which might be adopted, particularly in order to obtain some indication of the value of work done during a month or quarter, was to ask the main contractor the amount of work done on the contract either during the period in question or up to the end of the period in question (i.e., the value of the project so far completed), the latter question being equally satisfactory provided that the information is available from the start of the contract. However, attention was also drawn, as mentioned in paragraph 14 above, to the need for caution in collecting data for sub-contractors through main-contractors.

18. In connexion with "the estimation of value added during the inquiry year" (paragraph 4.64 of the paper) an important point was made concerning stocks and progress payments. It was pointed out that a very clear distinction must be made in the case of progress payments made by the owner between those made on work actually done and those made on materials before they are actually used (referred to in paragraph 4.39 of the paper). The latter are important, as these stocks of materials must be part of the adjustments involved in deriving the value of material used from the value of material purchased.

19. Attention was also drawn to the difficulties involved in the approach which determines the output of the construction industry from data on capital formation. In principle the expenditures on construction by investors are separated from other capital expenditures. It has, however, proved extremely difficult to obtain a satisfactory separation of business capital expenditure between construction and machinery and equipment.

#### VI. Other Items of Data

20. With respect to employment a number of suggestions were made. It became clear that in the case of some countries there is little point in asking for the number of females employed, especially as far as operatives is concerned. However, this is not the case in other countries, where a breakdown of employees and operatives by sex is necessary and meaningful.

21. Also in connexion with employment data it was felt that data should be collected separately for apprentices, showing the trade for which they are training (trades to be listed as in paragraph 4.19 of the paper).

22. One country suggested that the list of types of machinery and equipment used by construction units (shown in paragraph 4.33 of the paper) should be supplemented. Whilst recognizing that the list did not claim to be exhaustive, it suggested the addition of

Mixers - concrete

mortar

asphalt

Conveyer belts

Hauling machinery

#### VII. Other Comments

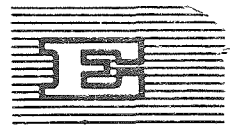
23. In addition to the above main points, there were other suggestions and comments made. A large number of these concerned detailed rewording of sentences, shifts of emphasis, and reorganizations of the order of presentation in the paper. While these have been helpful to the Secretariat, it was not considered necessary to detail these in this brief description.

#### VIII. Conclusion

24. The Commission will wish to thank those countries which have sent comments on, and suggestions for, the paper "Construction Statistics".

25. In addition, the Commission may wish (i) to recommend that the points made under paragraphs 6 through 10 of section I dealing with scope and coverage should be studied in connexion with a general revision of the ISIC; (ii) bearing in mind the difficulties involved in the choice of the most appropriate statistical unit for use in the collection of construction data, to make no international recommendation other than that the choice of statistical unit be made by the individual country in the light of the particular circumstances prevailing; (iii) to recommend that the annexes of the paper be extended to cover more countries; (iv) to recommend that a table be compiled showing a comprehensive list of items of data which might be collected and published.

26. Finally, the Commission may wish to ask the Secretary-General to revise the paper in the light of the comments received and of its own discussions, and to publish the revised edition.



UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/306/Corr.1  
2 February 1965

ENGLISH ONLY

---

STATISTICAL COMMISSION  
Thirteenth session  
Item 9 of the provisional agenda

SUMMARY OF THE COMMENTS RECEIVED FROM VARIOUS COUNTRIES REGARDING  
THE STUDY "CONSTRUCTION STATISTICS" (E/CN.3/305)

Corrigendum

Following the last line on p. 2, add: "However, it must be recognized that the separation of".

-----