



UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
GENERAL

E/CN.3/370
12 January 1968

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Fifteenth session
Item 6 (c) of the provisional agenda

INDUSTRIAL STATISTICS

SUMMARY OF COMMENTS ON THE PAPER "PROPOSALS FOR INTERNATIONAL
RECOMMENDATIONS FOR CONSTRUCTION STATISTICS" (E/CN.3/369)

Report of the Secretary-General

1. This paper is a summary of the more important comments received from countries and international organizations in response to the document entitled "Proposals for international recommendations for construction statistics" (E/CN.3/369) which was distributed to countries represented on the Statistical Commission and to selected additional countries as document ST/STAT/16 during the latter half of 1967.
2. The most important channel for these comments was the meeting, under the auspices of the Economic Commission for Europe, of the Working Party on Housing, Building and Planning Statistics, held in Geneva in December 1967. The countries and organizations participating in this meeting were Austria, Czechoslovakia, Denmark, Federal Republic of Germany, Finland, France, Greece, Hungary, Ireland, Netherlands, Norway, Romania, Sweden, Switzerland, Union of Soviet Socialist Republics, United Kingdom of Great Britain, Yugoslavia, World Health Organization and Economic Commission for Europe. The report^{1/} agreed upon by that meeting will be available to the members of the Commission as a background paper. It should be noted that, of the nineteen countries and organizations which participated in the meeting of the European Working Party, twelve had submitted written comments to the Statistical Office of the United Nations Secretariat which are regarded as being superseded by the discussions and conclusions of that meeting. It is also worth

^{1/} Conf. Eur. Stats/WG.18/26.

noting that the countries attending this meeting could all be classified as statistically developed; consequently, they were not fully able to make judgements concerning the annex to the paper (ST/STAT/16), which contains recommendations directed to countries which are statistically less developed.

3. In addition, as of 4 January 1968, twelve countries and organizations which were not represented at the European meeting had sent their comments. Of these, Canada, Israel, Japan and Panama had no comments to make on the proposals. Most of the major comments of the remaining countries and organizations (Australia, China (Taiwan), German Democratic Republic, Poland, United States of America and the ILO, ECAFE and IASI) were in fact covered in the draft report of the meeting of the European Working Party.

4. A considerable number of comments, both those received in writing and some of those in the draft report of the European Working Party, concerned amendments, additions and changes of emphasis which will be incorporated as they help to clarify the proposals but which, as they are not controversial, do not need to be dealt with in this summary paper.

5. Concerning the proposals as a whole, all the nineteen countries and organizations attending the meeting of the European Working Party approved of them in general. Of the twelve countries which commented through correspondence, only the United States of America had any major reservations. Thus, thirty countries have given approval to the general principles and approach put forward in E/CN.3/369. The reservations on the part of the United States of America stem from a concern with the practicability of the proposals and are substantially matters of emphasis, in particular that primary importance should be given to the gathering of data using projects (sites) as the statistical units (i.e., table D in chapter II of the proposals).

6. The changes proposed are outlined below and, except where otherwise noted, all stem from the draft report of the Working Party on Housing, Building and Planning referred to in paragraph 2 above. The headings used below are the chapter headings of the paper E/CN.3/369 (ST/STAT/16).

/...

Introduction

7. The European Working Party noted that the draft recommendations did not deal with derived statistics and mentioned particularly indexes of construction output, prices and costs. It should be noted that these are omitted deliberately and will be discussed in a separate study which should be available in draft form in 1968; this might be mentioned in the introduction.

8. Attention was also drawn to certain primary statistics concerning, for example, housing finance and rents which are not dealt with in the recommendations. It is proposed to insert a reference in the introduction to the draft recommendations, pointing out the areas of both derived and primary statistics not touched by the paper.

Chapter I. Scope, coverage and the statistical unit

A. Scope, coverage and frequency

9. The heading under column 4 in the table in paragraph 12 will be amended to read "independent units, of enterprises or other organizations which are not part of the construction industry proper". The present heading is incorrect because, by definition, an establishment cannot contain an independent unit carrying out an activity different from the main activity of the establishment. These changes will, of course, affect other parts of the paper, for example, paragraph 16, and the necessary consequential changes will be made.

10. It was suggested that in the section on coverage (paragraphs 21-27 of the proposals) some indication should be given as to the relationship between the basic (infrequent) inquiries, the annual inquiries and the more frequent inquiries. It is proposed, therefore, to add a paragraph indicating that, while the relationship between the inquiries of different frequencies depends to some extent on the national circumstances, the international recommendations have been formulated with the view that the annual inquiry is the core of the system and that the infrequent inquiry is regarded as an extended version and the more frequent than annual as a limited version of the annual inquiry.

/...

B. Statistical unit

11. It is proposed to add a paragraph dealing with the statistical unit usually used in countries with centrally planned economies and its relationship with the kind of activity unit recommended in E/CN.3/369. This will be to the effect that in these countries the enterprise is generally used as the basic statistical unit in construction statistics. However, the enterprise is usually engaged in one kind of economic activity to almost the same degree as the kind of activity units being proposed in the recommendations. Thus, data from these enterprises classified according to kind of activity will be generally comparable with data classified by kind of activity that are compiled by countries with market economies.

12. Australia requested that paragraphs 34 and 35 of the proposals dealing with the kind-of-activity unit should be amplified to clarify the effect of discarding the single location restriction. It is intended to point out that the data submitted for the kind-of-activity unit do not necessarily have to refer to the country as a whole and alternatively can refer to a region within a country.

13. In connexion with the individual project (or site) as the statistical unit, the possibilities of different reporting units are set out in paragraph 38. As a result of comments made by the United States of America, an addition might be made to the effect that the investor also could be the reporting unit. It will be pointed out that investors would probably not report for every site but for the whole of their investment expenditure with the appropriate breakdown according to the type of construction.

Chapter II. The items of data to be gathered
and statistics to be published

Table A

Compensation of employees (item 3)

14. The distinction between wages and salaries of operatives and those of other employees was felt to be difficult to obtain in practice and of doubtful value for international purposes. It is proposed therefore to implement the suggestion that this distinction be given a priority of 2 in the annual and basic inquiries.

/...

Fixed assets (item 4)

15. It is intended that the organization and sales of used fixed assets (items 4 (b) and (c) respectively in table A) will be given a priority of 2, rather than the 1 priority they have at present. It will follow from this, of course, that item 4 (d) in table A "gross additions to fixed assets", which is a derived figure, will also receive a priority of 2.

Cost of goods purchased or consumed and payment for services rendered (item 6)

16. The separate identification of item 6 (b) "cost of goods to be sold in the same condition as purchased" will be eliminated. This is usually included in the "cost of materials, supplies and components etc." and this point will be explained in a foot-note. It will also be pointed out that in those countries where item 6 (b) is important it can be separately identified for national purposes.

17. The sub-divisions of item 6 will be given a priority of 2 and only the total cost of goods purchased or consumed, etc. will retain a 1 priority.

Output (item 10)

18. A number of suggestions were made for altering the presentation of output in table A. These partly follow from the recent decision taken with respect to the treatment of unfinished capital assets in the revised SNA to the effect that they will be classified as investments even when unfinished and not as inventories, as had been envisaged. It is proposed that the following suggestions be used in revising the paper.

(a) Items 10 (a) (i), 10 (a) (ii) and 10 (a) (iii) will be deleted from the recommendations since they are no longer required in the context of the SNA. However, they will need to be collected if the data on the value of construction work done cannot be collected directly from statistical units, and also they can be collected if they are considered important for national purposes. These points could be covered in an explanation.

(b) The main emphasis should be on data relating to the value of construction work done as a main contractor and on own account; and to the value of construction work carried out by the unit's own labour force; since these are the most important items for international purposes.

/...

(c) Because of the practical difficulties of distinguishing between current repairs and maintenance and capital repairs, this distinction will be given a priority of 2. In addition it will be pointed out that these data might more easily be obtained from sources other than the construction units actually doing the work, that is, from the unit making the expenditure.

(d) The items "value of goods sold in the same condition as purchased" and the "value of sales of products of industrial units" are to be separately identified in the interest of keeping the value construction output as a separate figure, but they will be given a priority of 2.

19. It is proposed to substitute something like the following for item 10 in table A:

Items of data	Statistics to be gathered in						
	Basic inquiries		Annual inquiries		Monthly or quarterly inquiries		
	Only		Only		Only		
	For all	for large	For all	for large	For all	for large	For all large
Statistical units							
1	2	3	4	5	6	7	
10. <u>Output</u>							
(a) Value of construction work done as a main contractor and on own account distinguishing:	1			1			1
(i) New construction including extensions distinguishing:	1			1			
(a) Residential buildings	2			2			
(b) Non-residential buildings	2			2			
(c) Other construction	2			2			
(ii) Repairs and maintenance distinguishing:	1			1			
(a) Capital repairs including restorations and conversions	2			2			
(b) Current repairs and maintenance	2			2			
(b) Value of construction work carried out by the unit's own labour force	1			1			1
(c) Value of work done as a sub-contractor	2			2			
(d) Value of sales of products of industrial units	2			2			
(e) Value of goods sold in the same condition as purchased	2			2			

Receipts for non-construction and non-industrial services rendered to others

20. The United States of America suggested that provision should be made for receipts for non-construction and non-industrial activities of the units. Apart from receipts from construction output, the only other receipts shown in the proposals (both in the original and as amended in paragraph 19 above) are the value of sales of products of industrial units and the value of goods sold in the same condition as purchased. It is therefore proposed to add an item to table A which might be termed "receipts for non-construction and non-industrial services rendered to others (i.e., other economic activities not included under item 10, Output)" with a priority of 2 in basic and annual inquiries for large units only. This will be in line with the recommendations for industrial statistics.

Value added (item 11)

21. The title of this item will be changed to "value added or net output", and the text for the definition of this item will explain that it is left to countries to decide whether to publish figures for census value added, contribution to gross domestic product or net output depending on the data available.

Tender value of projects under construction (item 12)

Value of contracts and orders acquired (item 13)

22. It was suggested that both these items be excluded from the data recommended for collection. Given the suggested changes of approach to the output data, which is set out in paragraph 19 above, these items lose most of their interest and this suggestion will be followed.

Table B

Employment (item 2)

23. The comments for this item under table A also apply to table B.

Wages and salaries (item 3)

Value of stocks (item 4)

Cost of goods purchased or consumed (item 5)

24. These items will be recommended with a priority of 2.

/...

Output (item 6)

25. Following the suggested redrafting of item 10 of table A, this item will be rearranged so that it is almost identical with 10 (a) (i) and (ii) shown under paragraph 19 above. The only difference will be that current repairs and maintenance (item 10 (a) (ii) (b)) will be excluded.

26. The problems of dealing with own account work which, instead of being done with the unit's own labour force, is given out to a sub-contractor, were raised by members of the European Working Party. Consequently, the text of paragraph 109 of the proposals will be amplified to cover this question. It will be pointed out that if data on own account construction are obtained on the basis of main contractors, then the work done by sub-contractors should be included in the return of the main contractors, i.e., the unit doing the own account work. On the other hand, if data are obtained on the basis of work done by the unit's own labour force, the work done by sub-contractors would be excluded from the return of the main contractor. No recommendation will be made as to which approach should be followed; it will be left to the countries to decide.

Table D

27. It is intended to stress in the section introducing the tables that table D should be regarded as supplementary to tables A, B and C and not as an alternative to them. Some of the data resulting from the collection of the items listed in table D will be available from no other source.

The definition of the items of data

Employment; operatives (para. 65)

28. The description of operatives in paragraph 65 (i) will be amended to exclude the reference to "testing, inspecting and working supervisory personnel, whose function is to record or expedite any step in the production process".

Number and capacity of the most important items of machines and equipment (para. 76)

29. It is proposed to point out that data for these items might more easily be gathered from the owners of such equipment rather than from the users of the

/...

equipment. It must also be pointed out that if the ownership basis is used, data would need to be collected from units renting out machinery.

Conclusions

30. The Statistical Commission may wish to request the Secretary-General:

(a) To revise E/CN.3/369 along the lines indicated in this paper, taking into account the views expressed by the Commission at its fifteenth session;

(b) To publish the revised document as "International recommendations for construction statistics".
