

**STATISTICS DIRECTORATE**

**National Accounts and Economic Statistics**

**THE PROJECT ON EMPLOYMENT IN THE PUBLIC DOMAIN OF THE DIRECTORATE OF  
PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT**

**This document has been prepared by Elsa Pilichowski, OECD/GOV**

*WORKING PARTY ON NATIONAL ACCOUNTS*

*To be held on 11 - 14 October 2005*

*Tour Europe - Paris La Défense*

*Beginning at 9:30 a.m. on the first day*

**JT00190812**

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

## **THE PROJECT ON EMPLOYMENT IN THE PUBLIC DOMAIN OF THE DIRECTORATE OF PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT**

This note serves to inform the Working Party on National Accounts about the public employment project of the OECD Directorate of Public Governance and Territorial Development and to explain the use that this project will make of the national accounts.

### **Aim and background of the public employment project**

As part of its work programme for 2005-2006, the Public Governance Committee of the OECD has mandated the OECD's Directorate for Public Governance and Territorial Development (GOV) to start developing comparable data and indicators of good government and efficient public services.

Within the overall framework of the project, GOV is seeking to develop a reliable tool to assess countries' compensation costs and employment levels in the public domain in a broad sense (comprising the public sector and certain adjacent parts of the private sector). For this purpose the public employment project has been set up. The aim of the project is the development of a data base on employment and costs of employment in the public domain that can be used for comparative research on human resource policies and the analysis of production in the public domain.

The priority that GOV wants to give to this project is based on the one hand on the fact that these data are important for various kinds of analysis and on the other hand on the fact that data on employment in the public domain are in high demand and tend to attract much attention.

Up to now analysts at the OECD, in governments and elsewhere have mainly relied on (a) data from national sources, (b) the ISIC (International Standard Industrial Classification) data and (c) national accounts data. It has often been observed in the past<sup>1</sup> that, apart from incompleteness and lack of intertemporal consistency (lack of time series), these data sources show serious weaknesses:

- a national data bases are detailed but mostly based on national definitions and largely incomparable across countries;
- b the ISIC classification is not detailed enough to allow many kinds of analysis and cuts across the national accounts concepts (market/non market) so that its data can not be used in combination with national accounts data;
- c the national accounts' institutional sector data constitute a valid benchmark for the project but country coverage is not yet complete. Also they are not detailed enough, and do not cover all of the public sector.

---

<sup>1</sup> The last statistical OECD publication on public employment contains a description of the problems of international comparability and the differences between the classifications of the national accounts, ISIC and the national sources (OECD 1994). Since then a paper was brought out that was based on the national accounts data on employment that were collected until 1995 about "producers of government services" (= general government minus government enterprises) (OECD 1997).

In the medium term these problems will be mitigated in view of the initiatives that have taken to improve the employment data in the national accounts, namely:

- A. Since 2005 new data on employment are being collected by the OECD National Accounts division on the basis of an institutional sector approach, (as part of the “business sector questionnaire”, see item 23 of the WPNA)
- B. It is hoped that, as recommended in the conclusions of item 20 (questionnaire on public units in national accounts) more data will become available on public enterprises and the boundaries will be clearer between public enterprises (public financial and non-financial corporations and quasi corporations) and other units in the corporate sector as well as between public enterprises and units of the general government.

The data collected in the initiatives A and B are very useful to GOV for two reasons:

1. they are meant to be consistent with financial flow data from the national accounts and thus lend themselves to
2. various kinds of public production analysis that GOV is envisaging;
3. they can serve as benchmark for more detailed data from other sources, particularly the data that GOV intends to collect in the public employment project.

Recommendation 1: GOV emphasizes the importance and urgency of the availability of employment data for the general government as an institutional sector in of the national accounts and for the public sector (general government and public enterprises) and encourages the national accounts statisticians to make the results available as early as possible.

However, GOV needs more detailed data and data on other areas of the public domain than that will become available through the national accounts. The public employment project is set up to provide for these data.

### **Future data base of the public employment project**

In addition to the data from the national accounts, GOV will collect additional data through Ministries of Social Affairs and Employment. These data will have to satisfy the following three criteria:

1. consistency with the concepts of the national accounts
2. sufficient level of detail
3. uniform methods of measurement

#### ***Ad 1 Consistency with the national accounts***

GOV is not only interested in general government and public enterprise, but also in certain subdivisions of general government. Furthermore GOV is interested in certain parts of other sectors that are in the public domain, in particular parts of the sectors of NPI's serving households and of the sector of (quasi-)corporations. The table in the annex shows the relation between the data that will become available from the national accounts and the data that GOV intends to collect in the project on employment in the public domain.

### ***Ad 2 Level of detail***

For many purposes the level of detail of the national accounts and ISIC classifications is not enough for the analysis conducted by GOV. GOV's project is based on the taxonomy of public employment pictured in the annex, which is consistent with the SNA, but our data will be focused on sub-sectoral institutional units.

### ***Ad 3 Methods of measurement***

This concerns concepts like number of persons, numbers of jobs, full-time equivalent, hours worked, etc. In principle GOV will follow national accounts conceptual recommendations. In practice, methods may differ between national data bases, including those on which ISIC is based. The public employment project intends to address these measurement differences in order to make the data more internationally comparable.

### **Process and time line**

The project will rely on existing data sources. It will not ask from countries to develop new data sources. No new data will be requested from national accountants. Many countries maintain various data sources. In general the public employment project will not need more than 2 or 3 sources. For most countries GOV can identify the survey sources from which governments will compile the data.

GOV intends to have the project fully peer reviewed by an Experts Group in the fall of 2005. The questionnaire for the first stage of the project will be sent to the national employment statisticians by the end of 2005. The first results will be available in the third quarter of 2006.

Recommendation 2: members of the WPNA are informed that a new data collection process will be started regarding employment data for detailed sub-sectors of the general government. While they will not be directly affected as the survey will go through other sources (in particular Ministries of Employment), they may be indirectly asked questions when data will diverge between sources.

**Annex**

***Employment in the public domain***

Sectors in the SNA		Public sector										
		S.13 (General Government)		Part of S.12	Part of S.11	Part of S.11 and S15		Part of S.15	Part of S.11			
Institutional units	Government units, functional sub-sectors	Government by functional sub-sectors	Non profit institutions, financed and controlled by government, by sub-sectors	Social security	Government enterprises: market producer	Public financial (quasi-) corporations	Public non-financial (quasi-) corporations	Non profit institutions, indirectly financed by public funds	Profit institutions indirectly financed by public funds	Non profit institutions, but not controlled by government, by sub-sectors	Concessions and legal monopolies	Procurement
Data that will become available from the business sector questionnaire (totals, not yet split by subsector)						Data that will become available from the work on public units						
Data to be collected separately by GOV												