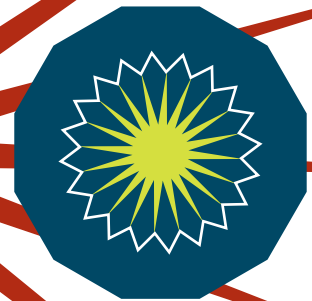
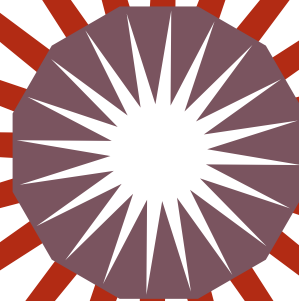
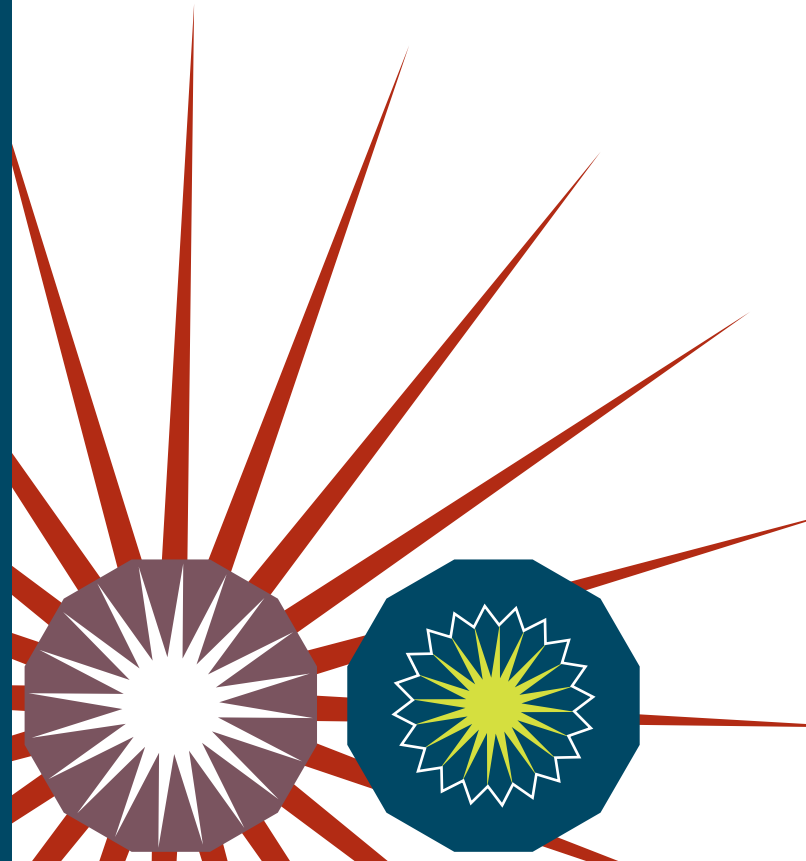




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## ANNUAL REPORT

STATISTICS ESTONIA 2009

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## Dear Reader!

Last year contrasts sharply with the earlier ones. Already at the beginning of the year, some weeks after the budget had been passed by the Riigikogu, it was clear that the budget did not match the reality. In January the Minister of Finance restricted expenditure, and by the end of February the first amendment to the budget was approved also by representatives of the public. But the rate at which the economy was declining indicated at once that another budget cut needs to be done before Midsummer Day to keep the public finance in balance.

It goes without saying that plans had to be changed because of the amendments made in mid-year. Thereby, international obligations and agreements in the field of statistics had not changed. Therefore, the Government of the Republic could by no means reduce the scope of the 2009 Statistical Programme and the work planned had to be done by using a fifth smaller budget of personnel expenditure. Having reached an appropriate agreement within the organisation, we reduced the income of employees in the middle of the year and as of 1 September we were forced to lay off every tenth employee. Due to these extraordinary measures we still managed to cope during the year with the budget reduced twice.

This confusion did not lead to any setbacks in the regular presentation of data that we had been used to. Nevertheless, some development actions were stopped. Preparations for the 2011 Population and Housing Census, 2010 pilot Census and 2010 Agricultural Census were hastily continued. Due to the effort to switch over to the euro, the data on public finance and consumer price index came under the spotlight. To ensure the reliability of data, the European Commission made dialogue missions to Estonia in the second half of 2009 and in the first quarter of 2010.

Estonia is the accession candidate country to the Organisation for Economic Co-operation and Development (OECD). Before accession, the readiness of Estonia's statistical system was also assessed with a view to accepting Estonia into the circle of highly developed countries. By autumn the assessment report was completed and the Statistical Committee evaluated our readiness positively.

In the period of crisis, the need for data rather seems to grow. In the conditions of rapid changes, statisticians must be more self-critical of the timeliness of data. The crisis will obviously introduce great changes in the European statistical system, which does not necessarily mean that everything shaped in the course of history will be turned upside down.

I would like to express my gratitude to all colleagues for their great devotion and to the respondents and users of statistics for good cooperation.



Priit Potisepp  
Director General



## Main events 2009

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On 11 March 2009, the Regulation (EC) No 223/2009 of the European Parliament and of the Council on European statistics was adopted. On the basis of this Regulation, the Minister of Finance of the Republic of Estonia sent a letter to the European Commission in the name of the Government of the Republic of Estonia confirming that Statistics Estonia acts as the contact point for the European Statistical System assuming all matters arising therefrom.
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From 4 to 5 June, a delegation from Eurostat visited Statistics Estonia to assess its production of financial statistics.
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From 15 to 17 June, a group of experts from OECD visited Statistics Estonia to assess, relying on the information collected earlier and on the basis of discussions held during the visit, the compliance of official statistics produced in Estonia with the OECD statistical requirements.

On 27 July, Director General of Eurostat Mr Walter Radermacher paid a visit to Statistics Estonia.
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From 31 December 2009 to 31 March 2010, the pilot Census of the 2011 Population and Housing Census was conducted. At the same time, the first e-census took place in Estonia — people could themselves fill in the census questionnaire on the Web.
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Statistics Estonia, in cooperation with the Estonian Statistical Society, organised the conference Registers and the Population Census, where the development trends of state registers and the contemporary Population Census methodologies were in focus.
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Preparations were made for the pre-completion of statistical reports with the data submitted electronically by economic units to the business register in the scope of annual reports.
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Statistics Estonia participated again in the project "*Edasipürgiv organisatsioon*" (Committed to Excellence) organised by Eesti Kvaliteediühing (Estonian Association for Quality, EAQ) and won the award "*Edasipürgiv organisatsioon*" (Committed to Excellence).
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Former publication "*Eesti Statistika Kuukiri*. Monthly Bulletin of Statistics Estonia" was replaced by a new one "*Eesti Statistika Kvartalikir*. Quarterly Bulletin of Statistics Estonia" where articles on essential and topical themes are published.
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At the beginning of the year, the statistical publications "*Pilk tööellu*. A Glimpse into the Working Life", "*Ränne*. 2000–2007. Migration" and "*Linnad ja vallad arvudes*. 2008. Cities and Rural Municipalities in Figures" were presented to users of statistics.
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Statistics Estonia joined the social networks Facebook and Twitter and opened the statistics blog.

# Statistical programme

## DIRECTOR GENERAL OF EUROSTAT IN TALLINN

On 27 July 2009, Director General of the Statistical Office of the European Communities Mr Walter Radermacher visited Tallinn. This was the second time for Director General of Eurostat to visit Estonia during recent years. The main goal of his visit was simple: the new leader of statistics wants to pay a visit to statistical offices of all Member States. Statistics Estonia has good cooperation relations with Walter Radermacher. At the European Union meetings, representatives of Estonia and Germany sit side by side and therefore we had close contacts with him already earlier when he was President of the Federal Statistical Office of Germany. Since mid-2008 Statistics Estonia has been a member of the Partnership Group of the European Statistical System and this is also a reason for our frequent communication with the top management of Eurostat.

The working day was divided into two parts. In the morning, Director General of Statistics Estonia Mr Priit Potisepp and Deputy Secretary-General of the Ministry of Finance Ms Tiina Tamm had a meeting with Mr Walter Radermacher. After that, Mr Walter Radermacher delivered a lecture to the top and middle management employees of Statistics Estonia about the goals and further development vision of the European Statistical System.

Meeting with the Estonian Minister of Finance was not merely an act of mutual courtesy — the discussion focused on rather specific themes. The first topic of the discussion concentrated on the role of statisticians in the context of public finance. It was admitted that, before taking financial decisions with respect to the general government sector, it is important to get an in-depth overview of the accounting rules and principles and clarify them. The data of Statistics Estonia and Ministry of Finance are widely used in the evaluation of Maastricht criteria. Therefore, cooperation between the State Treasury, agencies working out the budgetary policy and statisticians is of utmost importance. The second topic under discussion concerned the upcoming Population and Housing Census and the respective preparations in Estonia. In the conditions of economic recession, it is complicated to organize such costly statistical works, but it was concluded that the statistical measures agreed on and coordinated at international level are at stake and confirmation was received that the plans and rules established by the legislation of the European Union are not subject to changes. In the autumn of 2009, the time and moment of the next Population Census was determined. The third topic centred round the changes of the legal environment of statistics. The Regulation on European Statistics was enforced in 2009 and, in Estonia, too, a new Act of Official Statistics is being worked out.

The new Regulation on European Union Statistics which serves as an introduction to the new development period of official statistics, was a core topic in the lecture held for the leaders of Statistics Estonia. The aim of the Regulation is to create a functioning system wherein the methodologies, processes, methods and means of work have been harmonized as much as possible, with the principle of subsidiarity being taken into consideration at the same time. Well-functioning professional cooperation networks are a prerequisite for such a development. Statistical system faces a multifaceted task in the global information society: on the one hand, the users' need for data is increasing and changing; on the other hand, budgets remain unchanged or are even reduced. And third, the burden of data respondents must be reduced. Besides all this, the quality of data should be ensured and improved.

Solutions have to be sought in the development of technology and rationalization of processes as well as in the integration of various data sources (questionnaires and registers) and surveys (according to the data warehousing principle) with the help of which different types of output are gained in the form of micro-, macro-, meso- and metadata. It seems obvious that the statistical system will not be able to cope with its tasks and restrictions while being grounded on the bases applied so far. The decade which has just begun should bring along extensive changes which can be made only step by step, by careful planning and with a devoted attitude of all participants in a large and complicated system as this one. We will evidently witness the use of individual data by paying continuously less or no attention at all to the existing state borders. A part of data processing may be carried out according to specialization outside the Member State concerned or in the shared web environment. If the statistical system appears to be too slow in introducing new ad hoc surveys, Eurostat has to conduct a survey with European sample where a national statistical office acts as a data collector at most, not more. At the same time, such an approach allows to obtain summary data regarding the whole Europe as well as the output missing on the small countries' level.

On the Sunday evening before the above described working day, Walter Radermacher, Priit Potisepp and the International Cooperation Chief Meelis Somelar made an enjoyable German language excursion, guided by Mr Juri Kuuskemaa, in the heart of ancient Hanseatic city. From Tallinn, Mr Radermacher took a flight to Riga.

Director General of Eurostat  
Mr Radermacher in the Old Town of Tallinn



## ESTONIA ON ITS WAY TO THE OECD MEMBER STATUS

The Organisation for Economic Co-operation and Development (OECD), consisting of 30 Members at present, will evidently have four new Member countries in 2010. One of the countries hoping to be invited to accede to OECD is Estonia that has been mission-oriented and worked toward this end for the past three years. Assessment of the compliance of the statistics made in Statistics Estonia with the statistical requirements of OECD reached its culmination in June 2009 when a respective assessment mission visited Statistics Estonia.

On the afternoon of 15 June, two officials from the OECD headquarters in Paris and two statistics experts representing the OECD Member countries arrived in Tallinn. For the three following days, Tim Davis and Julien Dupont from OECD, Bente Dyrberg from Statistics Denmark and Wlodek Okrasa from the Central Statistical Office of Poland were prepared to collect new information and verify the earlier collected data on the compliance of Estonian statistical system with international norms and best practice.

In fact, OECD had started to review the official statistics of Estonia already a lot earlier — in 2008, when requests for information concerning different subject areas were sent to Statistics Estonia. In these requests, information about the legislation on which the production of statistics is based and data regarding lengths of time series were asked. The task of the expert group of final assessment mission which worked in Statistics Estonia during the following two days was to elaborate on questions on the subject areas which had been under observation earlier and to review smaller subject areas not yet assessed in order to collect necessary information for preparing the final assessment report.

On the morning of 16 June, Mr Priit Potisepp greeted the members of the expert group and a two days long questions-and-answers marathon could begin. We can admit that Statistics Estonia had made thorough preparations for this important meeting. Although the final set of topics selected by OECD for discussion became known only about ten days before the start of the mission, all twenty employees of Statistics Estonia included in the assessment process had prepared themselves well for the discussions. A large circle of people included in the discussions embraced Director General as well as analysts and leading statisticians. On the first day, several important topics regarding the domains which also attract wider public interest i.e. national accounts, finance and price statistics as well as business statistics and the legal framework of statistics were under discussion. The majority of topics planned for the second day were of more specific focus: production and demand indices, business register, data transmission standards, etc. The range of domains falling within Statistics Estonia's sphere of responsibility was supplemented by the themes falling within the competence of the Estonian Institute of Economic Research (EKI). The Director of EKI Ms Marje Josing and Head of the Sector of Economic Research Ms Evelin Ahermaa answered to various questions related to the barometer and consumer surveys.

On the third day, the OECD expert group of final assessment mission visited the Bank of Estonia where matters of such statistical domains as the government debt, profitability of banks, state budget balance, etc. were discussed. In general, the expert group of the mission was satisfied with what they saw and heard. There were only some topics on which a few remarks were made. As a result of the information collected earlier and during the three-day visit to Tallinn, a report was prepared and completed in October 2009. It was submitted to the OECD Statistical Committee for assessment at the meeting held on 26 October. The report ended with a recommendation to declare that the statistics produced in Estonia are in coherence with the statistics produced in other OECD Member countries. OECD Statistical Committee announced its formal opinion in writing in December 2009 by stating that the official statistics produced in Estonia and the statistics produced by EKI meet the standards of OECD.



## OECD WORLD FORUM AND THE SPECIAL SESSION OF STATISTICAL COMMITTEE IN BUSAN

The third World Forum on Statistics titled "Statistics, Knowledge and Policy" focused this time on the topic "Charting Progress, Building Visions, Improving Life" and was held in Busan, South Korea, from 27 to 30 October 2009. Prior to the Forum, the OECD Statistical Committee held a meeting where the Accession Reviews of acceding countries were evaluated. Estonia is an OECD accession candidate country and, one of the many domains to be assessed is official statistics. In 2008, an appropriate roadmap was compiled, compliance with the requirements set for the statistics essential for OECD was assessed and a pre-accession report was prepared and submitted to the Committee for assessment. Supporting and confirming Estonia's readiness to accede to OECD was the main aim why Priit Potisepp visited Busan.

The Forum was organised by OECD in partnership with the Korean National Statistical Office (Statistics Korea). Nearly 1,500 delegates from 130 countries attended it. The importance of the Forum was emphasized by the welcoming address delivered by the President of the Republic of Korea and by the fact that one plenary session was chaired by the OECD Secretary-General. In general terms, it can be stated that the treatment of topics at the Forum was essentially influenced by the global financial and economic crisis, but OECD had started to construe and decipher the meaning of development anew already some years before the crisis.

Since the 1930s or the birth of national accounts concept, gross domestic product (GDP) has been treated as the main indicator of social growth i.e. economic growth has often been considered equal to the development of society. Nevertheless, politicians and scientists learn from people that, despite the statistical evidence confirming economic growth, no actual growth in life quality can be perceived in a lot of countries. Korea itself serves as a typical example of such a contradiction. Obviously, economic growth takes place to a large extent on account of the environment, but we have every reason to doubt whether such an economic growth is sustainable. What is the right measure for social development? Does GDP lead those shaping the politics to the false direction? All topics discussed during the three and a half days of the Forum were related to such questions.

During the first decade of this century, OECD has started to place the social and environmental aspects more vigorously next to the economic development and commenced with shaping alternative indicators.

Certainly, we cannot say that the world is short of indicators and this shortage has led us to the financial and economic crisis. The problem rather lies in the abundance of indicators and in the competence to use them. Besides that, general economic indicators are also being created and their importance being overemphasized. At the same time, the quality of life and metrics to find out how persons and households actually feel about their lives and their own well-being (i.e. which advantages and disadvantages people perceive and experience during the economic growth and decline times) pose problems. It is no news to anybody that while preparing the statistical surveys and indicators, consumers' opinions have to be taken into account. In addition, the collected data and the policies being implemented should be interrelated and it should be possible to associate the changes in the quality of life with implemented policies. In case of the last-mentioned matter, it can be stated that the theory is still rather far from the reality. So far, statisticians and the state administration have held a dominating position in such a dialogue between the producer and the consumer. But, what should be fostered is the cooperation between citizens' associations and statisticians. The society must have a stronger belief in the welfare and development indicators which actually work. One cannot rely on indicators which exist only in the form of an academic concept.



The central theme permeating the Forum was undoubtedly the report of Stiglitz-Sen-Fitoussi.

This report<sup>a</sup> was compiled by the working groups formed by French President. To some extent, in a simplified way, this report manifests criticism against the use of GDP. It is more than certain that this report will act as a driving force triggering a lot of changes in the statistical systems of many developed and developing countries during the coming decade. The European Union has already initiated the project "GDP and beyond".

The Forum reached the following conclusions.

1. The development trend of the whole society can be guided by measurements or, in other words, statistics itself is able to influence the route of development in a desired direction.
2. We have been measuring wrong phenomena and paid insufficient attention to the really important ones.
3. GDP is not a suitable measure for welfare. It was created to measure the activities of goods and services' market. The majority of those who use it do not recognize the limits of this indicator, its role is overestimated and other important indicators are left unobserved.
4. GDP as a benchmark of sustainability rather involves risks. The current financial and economic crisis shows that the assets (commodities, securities, real estate) value fictions and bubbles were reflected in national accounts in the form of growing added value, which can be regarded as an expressive example of systematic distortion.
5. The growth of welfare which does not take into account development in terms of qualitative improvements has been measured incompletely (electronic products serve as the best example here).
6. There is no unique measure which can embrace all aspects of wellbeing.
7. Qualitative indicators and those grounded on subjective evaluations cannot be underestimated. They function as a valid substitute for cases when there are no quantitative indicators at hand. Nevertheless, subjective and objective indicators should be presented in a manner which allows us to distinguish between them.
8. The report draws our attention to society's statistical literacy which determines to what extent indicators and the related restrictions are understandable to the public.

The afore-mentioned discussion may give us the impression that the most popular national accounts indicator of these times is useless. But, we can definitely not make such a conclusion. GDP is an actively used summary indicator. Macroeconomic data, including a lot of interim summaries from different perspectives are created during the production of national accounts. For decades, efforts have been made in the statistical system of the world to create a common framework of accounts, to upgrade it and introduce it on the global level. In the form of this system we have to do with a central complex of macroeconomic data observed by markets. In future, it will be necessary to avoid attaching excess overemphasis to GDP and the opinion that this is a unique or primary indicator which can best characterize wellbeing. To a certain extent, the problem rather lies in communication, easy and convenient accessibility and use of metadata.

<sup>a</sup> [http://www.stiglitz-sen-fitoussi.fr/documents/rapport\\_anglais.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf).

The availability of reliable, timely and comparable data of Member States is essential for OECD. Every year, OECD publishes statistical and analytical publications on various themes and disseminates data on its website. Before candidate countries can accede to the organisation, the availability of high-quality data concerning different statistical domains shall be assessed. It is easier for Estonia, as a Member State of the European Union, to fulfil the requirements, because in a lot of cases OECD takes into consideration the requirements of European statistics and obtains as many data as possible from Eurostat.

The special session of the OECD Statistical Committee held on 26 October was meant for approving the statistical system assessment reports of candidate countries (Estonia, Israel, Slovenia and Chile). Every candidate country was to answer to the questions arising from the report. Whereas the report compiled for Estonia did not evoke any special questionable matters, thus the Committee did not question us much. Still, some problems were pointed out in the report and these have been discussed during the session. The OECD Statistical Committee appraised Estonia's accession report and from the perspective of statistical performance evaluated Estonia's readiness for accession positively.

### EUROSTAT'S VISIT TO ASSESS FINANCIAL STATISTICS

On 4–5 June, delegation of the European Commission (Eurostat), composed of Luca Ascoli, Lena Frej Ohlsson, Cecilia Pop (Eurostat), Hans Olsson (European Central Bank) and Ingrid Toming (the European Commission Directorate General for Economic and Financial Affairs), paid a visit to Statistics Estonia. The main goal of the visit was to conduct post-control of the 2007 visit and of the April 2009 report; besides that, total transition from the mixed cash and accrual accounting method to a full accrual accounting method was discussed in detail and computation of the European Union funds-related claims and other accounts receivable and payable were talked about in the course of the visit with the aim to verify compliance with the rules set out in the ESA95 General Government Deficit and Debt Manual. In addition to the officials of Statistics Estonia, the representatives of the Ministry of Finance and Bank of Estonia were involved in these discussions.

During the two days' discussion, talks were focused on the details of the reporting which serves as a foundation for assessing compliance for the excessive deficit procedure and with the Maastricht deficit and debt criteria. Relying on Eurostat's methodological decisions, such accounting nuances as accounting of state guarantees; assumption, cancellation and write off of debts by the state; recording of the state and private sector's cooperation projects; sale and lease-back transactions; capital injections into state enterprises, and payment of dividends and privatisation transactions were talked about.

Recording of the fines imposed on Estonia for excessive stock reserves deserved special attention. Among the Member States which acceded to the European Union in 2004 and were fined for excessive stock reserves, Estonia was the one who had to pay the largest fine and also the only one who decided to collect the imposed fine from the enterprises declared liable for keeping excessive stock reserves. Such a case was of interest to Eurostat from the methodological interpretation perspective, and the Committee asked Statistics Estonia to prepare a detailed analysis on the cases regarding collection of fines in Estonia with a view to working out a proposal for a general calculation rule applicable in such cases.

In the course of discussions concerning the topic about total transition to the full accrual accounting, the matter about how to enter fines in the accounts remained undecided, because Eurostat assessed the accrual data on the fine claims arising



from state accounts as unsuitable for the general government sector financial statistics. Statistics Estonia and the Ministry of Finance promised to carry out additional investigation in this matter and, if possible, to improve the methodology of entering fine claims in the bookkeeping accounts. Discussions with Eurostat on this matter continue in writing in order to reach the best methodological solution.

During the visit, Eurostat also made methodological proposals about how to enter the 2009 budget cutback measures approved by the Government in the general government accounts and in the next report on deficit and debt levels. Recording of the state land sales and the transaction regarding redemption of the Eesti Telekom shares from Estonian Development Fund as well as the possible influence of these transactions on the general government sector deficit and debt indicators were under discussion.

The Committee was satisfied with the quality of financial statistics produced in Statistics Estonia and evaluated the applied methodology as being in compliance with international requirements. At the end of the visit, the head of Eurostat delegation noted that since their last visit in 2007 Statistics Estonia has done remarkable work in the area of financial statistics which serves as a basis for the excessive deficit procedure, and thanked Statistics Estonia for excellent cooperation and openness. The next regular financial statistics-themed visit to Estonia is expected to take place in one and a half years' time.

## PREPARATIONS WERE MADE FOR THE PILOT CENSUS OF THE 2011 POPULATION AND HOUSING CENSUS

In 2009 Statistics Estonia continued with the preparations for the 2011 Population and Housing Census (in Estonian: REL 2011). The main emphasis was laid on the preparation of pilot Census.

On 15 October 2009, the Government of the Republic fixed the date 31 December 2011 as the census moment for the 2011 Population and Housing Census. This will be followed by the Census period lasting until 31 March 2012. On the basis of the decision taken by the Census Committee of the Government of the Republic, the resolution made by the Government Committee on 11 September 2008 remained in force and thus the 2011 Census shall be conducted by combined methods (a combination of registry data, e-Census and face-to-face interviews).

Essential innovations involved computer-aided collection of data and provision of the opportunity for self-enumeration or e-census.

The pilot Census was conducted in two stages: the first stage involved e-census which was carried out during 31.12.09–21.02.2010 in Statistics Estonia's electronic data submission environment eSTAT, followed by data cleansing and, the face-to-face interview stage of Census during the period 5.03.2010–31.03.2010.

The selected pilot Census regions were as follows:

- 1) Tallinn city, Kesklinna city district of Tallinn, residential buildings of Raua Street;
- 2) Tallinn city, Lasnamäe city district of Tallinn, Narva Road, the district between Ussimäe and Linnamäe Road;
- 3) Harju county, Viimsi rural municipality: Kelvingi and Rohuneeme villages;
- 4) Harju county, Rae rural municipality: Peetri village;
- 5) Ida-Viru county, Narva city: 1, 3, 5, 7 and 9 Partisani Street;
- 6) Ida-Viru county, Püssi city: the district between Kivitee and Raudtee Streets;
- 7) Järva county, Paide city: the district between Raudtee, Tiigi and Jaama Streets;
- 8) Järva county, Ambla rural municipality: Aravete small town;
- 9) Pärnu county, Halinga rural municipality: Pärnu-Jaagupi village;
- 10) Võru county, villages of Rõuge rural municipality: Aabra, Augli, Haabsilla, Haki,



population  
and housing  
census

Hallimäe, Heibri, Hinu, Hotõmäe, Hurda, Härämäe, Jaanipeebu, Jugu, Järveküla, Kadõni, Kahru, Kaluka, Karba, Kaugu, Kavõldi, Kellämäe, Kogrõ, Kokõmäe, Kuklasõ, Kurgjärve, Kähri, Kängsepä, Listaku, Lutika, Mikita, Muduri, Murdõmäe, Märdi, Mõõlu, Ortumäe, Paaburissa, Pulli, Pärlijõe, Põdra, Põru, Rebäse, Rebäsemõisa, Riitsilla, Ristemäe, Roobi, Ruuksu, Saarlaskõ, Sadramõtsa, Saki, Saviouru, Soemõisa, Soomõoru, Suurõ-Ruuga, Tialasõ, Tiidu, Tüütsi, Vanamõisa, Viitina, Viliksaarõ, Väiku-Ruuga.

Prior to the beginning of the pilot Census, the preliminary sample size contained 7,429 dwellings and 10,278 persons (in the Population Register as of 01.07.2009).

The main drawback revealed during the formation of total sample was inaccurate and partially also wrong information about the dwellings. This inhibited smooth linking of data obtained from different registers for the e-census.

Preparation of the census equipment for the pre-pilot Census tests began right after the supplied equipment was received in June and lasted until the beginning of pilot Census. During the preparation of census equipment, a hardware and software profile was compiled and tested.

Testing of the fieldwork information system in the testing environment servers supplied in 2009 began in August 2009 and lasted until the beginning of the pilot Census. During the testing stage, load tests were carried out on the e-census application and enumerator application. Hiring of e-census enumerators began in December. Outside the capital, the hiring procedure ended on 10 January 2010.

Attitude of the public to the e-census was positive and the press showed lively interest in this event at the turn of 2009 and 2010. Wider notification of the public commenced on 15 December when Statistics Estonia sent notification letters and information sheets to the residents of pilot Census regions. This was accompanied by notification work through the media. The e-census was successfully launched on the midnight of 31 December. Thereby, everybody, including the persons not living in any e-census region, was given a chance to participate in the e-census.

## THE NEXT INNOVATION SURVEY IN SERIES WAS CONDUCTED

The state level awareness of the importance of innovativeness in the economic growth has rapidly increased during recent years. 15–20 years ago, the innovation-related policy instruments were still rather unknown and seldom used in the economic policy. But by now, these instruments have gained in importance and are included among the main economic policy instruments of several western countries. Nevertheless, we lack empiric knowledge which could act as a driving force of this policy. Therefore, there exists a risk that inefficient instruments are made use of or instruments are applied to the target groups of little importance. There is even a risk to apply inadequate policy which would hinder innovativeness.

The aim of the Community Innovation Survey (CIS) is to collect up-to-date information about the spread and characteristics of technological innovations as well as about the organisational and marketing innovations in European enterprises. The first survey of this kind was organized by the European Commission and Eurostat in 1993 and this was the first attempt to collect information on enterprise level about innovation-related input and output in the European Union. Since 2004, statistics on innovation is governed by the Commission Regulation (EC) No 1450/2004 implementing Decision No 1608/2003/EC of the European Parliament and of the Council concerning the production and development of Community statistics on innovation. Statistics Estonia started to conduct regular innovation surveys in 2001 and the results of relevant consecutive surveys (1998–2000, 2002–2004 and 2004–2006) have distinctly revealed a growth in the innovativeness of Estonian enterprises.

In 2009, Statistics Estonia organised the next innovation survey in series (CIS 2008) which focused on the years 2006–2008. This survey was totally based on the new version of Oslo Manual<sup>a</sup> where the technological and non-technological innovativeness were treated on equal grounds. As an additional element, the survey contained the eco-innovation module. The survey sample consisted of over four thousand industrial (excl. construction) and service enterprises each employing at least 10 persons. A total survey was conducted with respect to enterprises with the staff of at least 50 employed persons. A random sample was taken from among smaller enterprises by stratification method. This way, the number of enterprises in the sample was reduced to 2,500. An 82% response rate, comparable with previous surveys, was gained in the survey. This rate is considered a rather high one in the European context. Upon data checking and preliminary analysis, the data will be disclosed in the 2nd quarter of 2010.

Innovation survey serves as a kind of litmus paper which shows an enterprise's attitude to reporting on statistics. It is emphasized in the guidelines of the survey that questions of the survey should be answered by someone responsible for development on the management level and not by a financial manager. But in fact, the task concerned is often assigned to an accounting clerk who, without a second thought, states that there is no innovativeness in the enterprise disregarding the fact that the enterprise's website or annual reports reveal something totally different. Thus, hundreds of enterprise managers should be spoken to in order to ensure the quality of statistics and obtain true answers to the questions on innovativeness.

## RESULTS OF THE FIRST IMMIGRANT POPULATION SURVEY WERE PUBLISHED

In 2009, data of the first Immigrant Population Survey were published. These data were analysed in the publication "*Immigrantrahvastik Eestis*. Immigrant Population in Estonia". Immigrant Population Survey was the first in-depth survey in Estonia that gave a possibility to obtain and analyse the data which concern participation of the first and second generation immigrants in the labour market as of the survey time and also retrospectively in Estonia as well as in the previous country of residence. Besides that, the survey provided information on the respondents' path of education, integration and identity. In addition, the survey contained questions relating to household's coping and commuting, and the migration potential of respondents and their family members was studied. The fact that there are deep divisions and stratification in Estonia's society refers to the significance of the survey. The above described data are needed to heal the divisions within society. Earlier official surveys gave comparative data on Estonians and non-Estonians, but not specifically on immigrant population. Samples of other surveys have proved insufficient for more detailed questions and with a view to international comparisons.

First and foremost, data for 2008 have been used in the publication "*Immigrantrahvastik Eestis*. Immigrant Population in Estonia" which is mainly based on the survey results. Here, a question may arise whether these data are timely and up-to-date while bearing in mind, in principle, the labour market developments in 2009. However, in spite of essential changes in the numerical values of main labour market indicators (unemployment rate, employment rate), the comparison in terms of labour market positions, which in a sense distinguishes between immigrants and the native population, has not changed. In other words, unemployment has grown in both groups and the unemployment rates of groups are continuously different. Consequently, notwithstanding the stormy development which has evolved on the labour market, analysis grounded on the 2008 data still appears to be topical. At the same time, the 2009 labour market data on the native as well as immigrant population have been published in Statistics Estonia's database.

<sup>a</sup> Oslo Manual: Proposed guidelines for collecting and interpreting innovation data. (2005). OECD, third edition.

## STATISTICS ON CREATIVE INDUSTRIES WERE DEVELOPED FURTHER

“Creative industries” has been included in Statistics Estonia’s list of statistical works since 2009. Under this survey, data are collected about Estonian enterprises operating in the field of creative industries. Although the official production of statistics on creative industries is still in the shaping phase, it is already possible to get information on the number, turnover and size of personnel of the enterprises active in the sphere of creative industries. More significant data were published in spring 2009 in Statistics Estonia’s publication “*Kultuur. 1997–2007. Culture*” which focuses on the situation of Estonian creative industries.

Statistics on creative industries is being developed in the framework of the international project ESNet Culture. Statistics Estonia is at the head of one working group of this project, namely the working group of cultural industries. At the initiative of the European Commission, statistics of the domain of culture are being harmonised across Europe in the framework of this project. The project is implemented through the work of four task forces (framework and definitions; financing and expenditure; cultural industry; cultural practices and social aspects). Statistics Estonia participates in the works of the two last ones. In addition, Statistics Estonia is in charge of the activities of the cultural industry task force.

The goal of the cultural industry task force is to work out a uniform European methodology for producing statistics on the economic aspects of culture. The working group has to look to the needs of both statistics of culture and that of economy. To explain it in further detail, this work implies the concept of the domain, working out of the indicators and definitions in support of cross-European cultural policy as well as the methodology for production of statistics. A more long-term target of the working group is to make available the statistics, involving appropriate and generally recognised indicators, on the industrial aspects of the domain of culture which could be comparative across Europe. While working out uniform statistics, the features characteristic of and intrinsic to every single European Union Member State should be maintained and at the same time the facets which are common to Europe as a whole should be embraced and outlined.

During the first half of the year 2010, the inventory of Eurostat’s existing databases is being taken in order to clarify which data could be made use of to meet the goals set for the working group and which additional data need to be gained from the producers of statistics of different countries. Cultural-political necessities should be specified in order to ensure the relevance of the concept being designed and the related indicators. In addition, terminology and the lists compiled on the basis of relevant classifications need to be revised. In its work the working group relies on similar earlier surveys conducted in Europe or elsewhere. The project shall be completed in the second half of 2011.



# Work process of Statistics Estonia

## ANALYSIS OF ADMINISTRATIVE DATABASES CONTINUES

For producing official statistics, Statistics Estonia needs to collect data from natural persons as well as economic units (businesses, state and local government agencies, non-profit organisations, sole proprietors, etc.). Reduction of the response burden of data providers is one of the strategic goals of Statistics Estonia set for the 2008–2011 strategy period. For that respect, the possibilities to use the data collected in the state and other databases (hereinafter administrative data) are being analysed. Before taking administrative data into use, their quality and suitability for producing official statistics must be assessed.

In 2009, two databases underwent detailed analyses. Data contained in the electronic communications services and postal services register administered by the Communication Board were compared with the data submitted to Statistics Estonia by economic units. Results of the analysis revealed an extremely uneven quality of register data and, consequently, their unsuitability for the production of official statistics. After the completion of analysis, the representatives of Competition Board were approached and the possible causes for differences were discussed.

Analysis of the data on local roads, streets and bridges, all contained in the national register of roads administered by the Road Administration, also indicated the uneven quality of data quality. Some local government units have been very punctual when entering the data on roads, streets and bridges in the register of roads, and in their case no differences from the data submitted to Statistics Estonia have been detected. At the same time, there are local governments in case of whom the difference between the data submitted to Statistics Estonia and those contained in the register of roads was over 20%.

In 2009, Statistics Estonia organised 173 statistical surveys. Ten of them were targeted at the preparation of a publication or development of methodology and do not embrace the data collection-related works. 56 (34%) of the rest of surveys were totally based on administrative data and in case of 22 (13%) a part of data were collected from administrative databases and a part were asked directly from economic units or natural persons. In 2009 administrative data were taken into use in one survey which had earlier been grounded only on the data collected from economic units: data necessary for the survey "Insurance" are collected from insurance companies, but also from the Financial Supervision Authority, Estonian Traffic Insurance Foundation and from the Estonian Tax and Customs Board. Furthermore, two entirely administrative data-based surveys were added: in the framework of the folk culture survey, data regarding the activities of folk culture groups and hobby groups as well as natural and legal persons engaged in folk culture are submitted to Statistics Estonia by the Folk Culture Development and Training Centre; the survey on reproduction of social protection expenditure-related time series makes use of the data collected by the Health Insurance Fund, Social Insurance Board, Labour Market Board, Ministry of Social Affairs and Ministry of Finance.

## PREPARATIONS WERE MADE FOR THE PRE-COMPLETION OF STATISTICAL REPORTS

Economic units (businesses, state and local government agencies, non-profit organisations, sole proprietors, etc.) report on their activities and economic indicators in different formats and to different agencies. The state allocates a lot of resources to help the data submitted on paper or electronically reach the database. Thus, it can be said that the current organisation of reporting burdens the respondent as well as the state. With a view to reducing administrative burden, the Ministry of Justice started a national project in order to simplify the organisation of reporting. To prepare and implement simplification of the reporting organisation meant for businesses, non-profit institutions, foundations and public institutions, Government Committee with the Deputy Secretary-General of the Ministry of Justice at its head, was formed by the Government of the Republic by its order. The Committee has also a representative from Statistics Estonia.

In view of the labour-intensive nature of the simplification process of reporting organisation, the project was broken down into stages. In the first stage of the project, the system which enables to submit annual accounting reports to the business register in the electronic format and allows instant processing of data, was completed. In the stages to come, other institutions of the state will join the created data transmission environment.

The electronic annual accounting reports submission system was taken into use on 1 January 2010. During the first year of operation, the economic units who prepare their unconsolidated financial statements in compliance with the accounting principles recognised in Estonia will get the opportunity to submit their electronic annual accounting report via the new system. In the years to come, this opportunity will also be granted to the economic units who prepare their annual accounting reports in accordance with the International Financial Reporting Standards (IFRS) or submit consolidated reports as well as to the economic units who submit reports to the balance records information system and those who submit liquidation reports or final reports.

The data being collected through annual accounting reports serve as a data source for structural business statistics, and Statistics Estonia has been interested in this information already for years. Implementation of the use of electronic annual accounting reports makes it possible for Statistics Estonia to diminish direct data collection from businesses. The years 2010 and 2011 will still be regarded as a transition period. A need for it arises from two aspects.

1. Statistics Estonia is not familiar with the scope of indicators submitted in annual accounting reports. Therefore, when Statistics Estonia obtains data from the business register or collects from economic units the data, which the annual accounting report taxonomy does not contain, Statistics Estonia needs to approach individually every single economic unit. However, development of the respective IT solution takes time. The materiality concept, on which the annual accounting report taxonomy is grounded, grants accounting entities a right to decide on which additional elements to disclose information. Statistics Estonia is going to improve its main data collection channel eSTAT in the way that will allow economic units to view the data, which they have earlier transmitted electronically to the business register, in the pre-completed eSTAT form, and economic units are expected to enter only the data which were not required to be filled in under the annual accounting report taxonomy and were therefore not presented in the annual accounting report.
2. Compatibility analysis can only be started at the end of June 2010, i.e. at the time when economic units will have submitted their annual accounting reports and



the full scope of data will be accessible for Statistics Estonia. In Europe, Nordic countries hold the leading position among the users of administrative data, and proceeding from their experience, a transition period appears necessary when introducing the sharing of data sources on which the production of statistics is based. The purpose of the transition period is to compare the data derived from different sources (data collected directly from economic units and data submitted in annual accounting reports) and to determine their suitability for producing statistics.

For the production of official statistics, Statistics Estonia still needs more data than economic units in their annual accounting reports provide. Thus, electronic submission of reports to the business register does not imply that economic units are not required to submit data to Statistics Estonia any more. Statistics Estonia makes use of the data submitted with electronically transmitted annual accounting reports. But with respect to other important indicators characterizing the economy and business environment, Statistics Estonia will continue collecting data via statistical reports. Besides, data have to be submitted to Statistics Estonia in case the financial year which the submitted data concern does not coincide with the calendar year.

## **A BIG STEP AHEAD IN THE APPLICATION OF THE METADATA STANDARD**

In 2009 Statistics Estonia made a big step ahead in the standardisation of metadata. Preparation works were started to comply with the European Commission's recommendation — to harmonise the presentation of statistical metadata across all statistical authorities. The second initiative worth mentioning was testing of a new metadata model based on a statistical variable functioning as the main object of statistical information system.

One of the 15 principles of the European Statistics Code of Practice deals with the accessibility and clarity of statistics, also emphasizing that the accompanying metadata should be documented according to a standardised system. At the initiative of the Bank of International Settlements, European Central Bank, Eurostat, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations and the World Bank the standard ISO/TS 17369:2005 — Statistical Data and Metadata Exchange (SDMX) — and the SDMX Content-Oriented Guidelines have been established for the exchange and sharing of statistical data and metadata. The reference metadata system forms an inseparable part of the statistical metadata system. Within the framework of the European Statistical System, it was decided to ground the reference metadata system on the harmonised list of statistical concepts. The concepts selected from among the concepts listed in the SDMX Content-Oriented Guidelines form the EURO-SDMX metadata structure (ESMS) to which additional concepts can be added if necessary. The concepts used as reference metadata and the structured presentation of metadata both simplify the use of statistics-describing metadata for the user of statistics irrespective of a particular statistical area or statistical authority concerned. Statistics Estonia has created conditions for describing the ESMS metadata in the metadata management system. The 2011–2015 statistical activities which are going to be planned in 2010 shall be described in accordance with the new ESMS structure. In future, the ESMS metadata will be presented on Statistics Estonia's website.

In 2009 the first selection of metadata-related concepts with respective definitions were translated into Estonian, but the translated concepts form a small part of the whole scope of metadata terminology. The translation work is carried on and gradually all concepts and definitions will be made available for users of statistics.

## NEW LOGIC OF THE METADATA MANAGEMENT SYSTEM

The year 2009 marked a turning point in Statistics Estonia's approach to the metadata management system as a whole. The metadata management system, which has been in use for more than ten years, had once been created according to the best practice back then. While creating the new system now, special focus is on compliance with standards. We must proceed in accordance with various data documentation standards and the standards of terminology work and metadata registry.

A statistical information system consists of many subsystems, which is why the metadata subsystem of the statistical information system has a particularly important role in developing the system as a whole and ensuring the functioning of the subsystems as a uniform information system. The metadata management system must ensure that metadata are described once in one location for all subsystems. Moreover, all subsystems must be created to use common metadata. The variable (characteristic of the studied object) is the most important object of the statistical information system as it relates to all parts of the information system from study design and data collection system to publishing statistics. Variables characterize both the studied object and the object the statistics is published about. In the process of data collection, the values of studied variables are collected and the generalized values of variables are presented while publishing statistics. The creation of a new metadata management system was launched in 2009 with a pilot project. The pilot project was based on the Neuchâtel Terminology Model for Variables (TMV) which has been developed by statisticians from several countries during their meetings held in the small town of Neuchâtel in Switzerland. The model has been created by taking into account the needs of statistical system and, wherever possible, by following the ISO/IEC 11179 metadata registry standard and the ISO 1087 standard on terminology work. In the course of the pilot project, a novel three-layered metamodelling framework known as Meta-Object Facility (MOF) was also tested.

Semantic interoperability of the state plays an important role in a switchover to a more extensive use of administrative data and in quitting duplicate data collection. For that respect, it is necessary to have, in the metadata management system, an overview of the data used for the production of statistics, incl. overview of the data received from administrative sources and their content. The mentioned overview is vital for a transition to a variable-based data collection and for organising register-based censuses. For this purpose, a variables register based on standards needs to be created.

## UPGRADING OF THE LEGAL ENVIRONMENT OF OFFICIAL STATISTICS CONTINUED

On 23 May 2008 the Minister of Finance formed an inter-institutional working group whose task is to analyse the legislation on the production of official statistics and the problems arising from the implementation thereof and in view of that to compile a draft Act specifying the principles of official statistics. The working group also included representatives of Statistics Estonia whose task is to ensure the applicability of the relevant Act. According to the initial plan, the working group was to introduce the draft Act to the Government of the Republic for approval in the 2nd quarter of 2009, but the elaboration of the draft Act still continued in the 1st quarter of 2010.

During the first days of 2010, the draft Act was coordinated with the European Central Bank who supplemented it with comments which mainly concerned guarantees for Statistics Estonia's professional independence. Preparation of the Official Statistics



Act coincided with adoption of the European Union statistics act (Regulation (EC) No 223/2009 of the European Parliament and of the Council) on 11 March 2009. The new European Union statistics act, unlike the one applied earlier, establishes a legal basis for the European Statistical System (the ESS) the operation of which had been informal so far; the role of national statistical institutes and Eurostat was strengthened; Committee on the Statistical Programmes was replaced by the ESS Committee which assumed also the duties of Statistical Confidentiality Committee; there arose an opportunity for the Commission to decide on temporary direct statistical actions in the Statistical Programme; a legal basis was laid for cooperation networks (ESSNet), for the European Approach to Statistics and for the creation of data files intended for public use; rules concerning the exchange of confidential data were specified between the official statistics producers of different countries, ESS and European Central Bank. Besides that, it was provided on which conditions the confidential data can be given for scientific research.

In Estonia, the implementation of Regulation No 223/2009 is currently under discussion. In order to ensure an appropriate and timely legal basis for the 2011 Population and Housing Census, the draft Act should be enforced in 2011 at the latest.

## THE INPUT-BASED STATISTICAL PROGRAMME IS BECOMING OUTPUT-BASED

In spite of the fact that the draft Official Statistics Act reached the Riigikogu as late as on 14 April 2010, Statistics Estonia made a lot of preparations in 2009 for the implementation thereof. Users of statistics and data respondents are mostly concerned with the matters related to the statistical programme.

Statistics experts of the European Union have emphasized during the peer review that the professional independence of Estonia's statistical system has not been sufficiently ensured as the statistical questionnaires shall be approved by the Minister of Finance, the list of official statistical surveys contains a list of indicators to be collected and there is a need to have an official multi-annual focus in programme planning instead of annual. The draft Official Statistics Act sets out several amendments to that effect. First, the term "official statistical survey" will be replaced by a broader term "statistical activity" which reflects more clearly the essence of works performed by Statistics Estonia. Statistical activity is the smallest unit of statistical programme. The programme specifies the title, legal basis, output indicators, frequency, period or moment, anticipated cost and information about the planned changes in methodology. Statistical activities are classified into six types depending on the listed characteristics which can be attributed to one or another statistical activity:

1. **Statistical register.** The data collected from directly identifiable statistical units and used for producing official statistics.
2. **Main statistics.** The core part of surveys, the production of standard output meant for dissemination in the database and additional works which involve no additional costs (e.g. auxiliary indicators).
3. **Non-regular statistics.** Survey modules and surveys conducted only once.
4. **Development of statistics.** Development related to the collection of data for official statistics, statistical processing, analysis, dissemination and storage of data, incl. development of new indicators, preparation works for launching a new survey, development of the methodologies of the surveys in use, upgrading of classifications, etc.
5. **Statistical analysis.** Activities the output of which is an article, collection of articles, other publication, etc.
6. **Investments.**

On the basis of output indicators, the statistical programme is divided into two parts: the core part and the variable part. The list of the core part of output indicators shall be agreed between Statistics Estonia and users for a period of five years at the longest and, the output indicators of the other part shall be reviewed and specified on an annual basis if needed. Approval of the core part to be applied for five years shall keep data respondents and users of statistics better informed and saves the resources to be allocated to annual modification of the list of statistical activities. At the same time, when considering the interests of users, the variable part shall ensure flexible compilation of the programme.

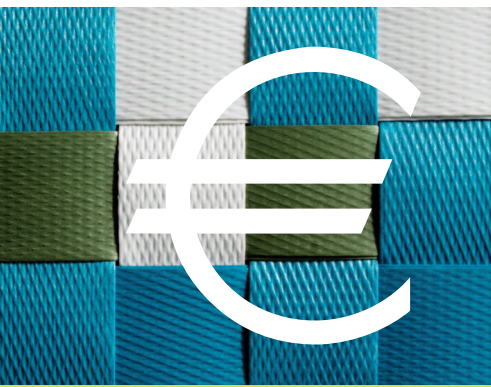
Thus, Estonia is about to switch from the approval of input indicators to the approval of output indicators i.e. the target that the users of statistics have long been waiting for. As known, the input and output variables do not necessarily coincide and therefore the approval of input variables does not provide users with guaranteed access to necessary statistics. Besides, the approval of statistical questionnaires will be dropped as the obligation to submit data to Statistics Estonia will proceed directly from the Official Statistics Act if Statistics Estonia has entered into a respective contract with a data respondent (in case of databases) or made a particular questionnaire (for economic units) accessible on the website. Submission of data is voluntary for natural persons, excl. in the cases provided by law, — this also concerns censuses.

Amendments shall apply starting from the 2011 statistical programme the preparation of which, incl. coordination with main users, started in the first months of 2010.

## PREPARATIONS WERE MADE FOR CHANGEOVER TO THE EURO

Preparation works for changeover to the euro in Estonia are carried out by the National Changeover Committee comprised of experts. Seven working groups were formed under the Committee with the objective to map and find solutions to potential problems that may arise in different areas with regard to the changeover. The representatives of Statistics Estonia are involved with the activities of two working groups. In 2009, Ms Kaja Sõstra, Head of the Methodology Department, took part in the public sector working group responsible for the technical readiness. Starting from 2010, the Quality Assurance Chief Mr Remi Prual participates in the work of this working group. Ms Viktoria Trasanov, Head of the Department of Price and Wage Statistics, and Ms Agnes Naarits, Head of the Department of Public and Financial Sector Statistics, participate in the working group of monitoring and accounting for the fulfilment of criteria for the changeover to the euro.

Major works which need to be done in Statistics Estonia in the framework of the changeover to the euro involve recalculation of the time series in the statistical database, adjustment of report forms to the collection of data in euros and preparation of the statistics production system for the operation based on simultaneous use of two currencies. The main preparation works will start in 2010 and last until the end of 2011.



## STATISTICS ESTONIA GOT THE AWARD “EDASIPÜRGIV ORGANISATSIION” (COMMITTED TO EXCELLENCE)

In April 2009, Statistics Estonia joined the Estonian National Quality Award project “*Edasipürgiv organisatsioon*” (Committed to Excellence) organised by Eesti Kvaliteediühing (Estonian Association for Quality, EAQ). The cooperation partners of this project are the Ministry of Economic Affairs and Communications and Enterprise Estonia (EAS), both interested in the dissemination of comprehensive quality management principles in Estonia.

The Estonian National Quality Award is based on the European Foundation for Quality Management (EFQM) Excellence Model recognition schemes, and “*Edasipürgiv organisatsioon*” fully corresponds to the equivalent C2E (Committed to Excellence) level of this model. The Excellence Model was worked out in 1991 and it is aimed at enhancing the satisfaction of all participants in the performance of organisation by applying efficient management. In the European statistical system, the national statistical institutions are recommended to use the EFQM model in order to improve the quality of management.

The main goal of Statistics Estonia was to assess the organisation on the basis of EFQM model in order to enhance its management quality, specify and elaborate the development works related to the 2008–2011 strategy and gain input for the 2012–2015 strategy.

Statistics Estonia decided to join the project for the following reasons.

- The previous assessment based on the EFQM model was conducted in 2007.
- To gain an overview which spheres in Statistics Estonia’s management performance were improved as a result of development works implemented in the course of two years.
- To gain an overview of the shortcomings which need to be overcome.
- By answering the questionnaire of EFQM Excellence Model, the activities related to Statistics Estonia’s management performance and described in 2007 were reviewed (e.g. leadership and planning, work with main interest groups, financial policy, etc.).
- During the implementation of the project, support and feedback from the persons who have for years been engaged in fostering quality management in Estonia was mediated to Statistics Estonia by the competent organisation EAQ.

In April and May 2009, a group of assessors examined the answers given to the self-assessment questionnaire and supplemented them by taking into consideration the developments carried out in the course of two years as well as the new knowledge gained. After that, on the basis of shortcomings identified during self-assessment, the group of assessors specified necessary improvement actions and made a priority list of them by effect and capability. The top three priority actions were to be implemented in Statistics Estonia during the six months following self-assessment i.e. by the end of 2009. To that effect, a more detailed action plan, describing the importance, approach, implementation, etc., was compiled.

Thereupon, the EAQ external assessors Mr Raivo Pavlov and Mr Tiit Orissaar visited Statistics Estonia and assessed, by relying on conversations and documented evidence, the progress made in implementing the improvement actions selected earlier for the project “*Edasipürgiv organisatsioon*”.

As a result of assessment it was concluded that Statistics Estonia fits with the criteria specified by EAQ and EFQM and was awarded the certificate “*Edasipürgiv organisatsioon*” and the equivalent EFQM certificate “Committed to Excellence”. Both certificates are valid for two years.



The certificate "*Edasipürgiv organisatsioon*" means that Statistics Estonia is an institution which intends to assess its own performance on a regular basis and improve it if needed, is able to spot its mistakes and find solutions to eliminate them and can carry out improvement actions.

The next EFQM Excellence Model-based self-assessment is to be carried out in Statistics Estonia either in the spring of 2011 or 2012 when the next Estonian National Quality Award project will be launched.

## PRODUCT-BASED COST ACCOUNTING WAS IMPLEMENTED

An effort that the public first catches sight of regarding the improvement actions carried out in the framework of the EFQM project in Statistics Estonia is introduction of cost accounting. It can most prominently be seen in the 2011 statistical programme, where every statistical activity is going to be accompanied by the relevant cost thereof.

The bulk of expenditure in Statistics Estonia's budget is wages, therefore activity-based cost accounting functions as a prerequisite for product-based cost accounting. Matters related to product-based cost accounting concern the daily routine of every employee of Statistics Estonia, because since 2009 the employees of Statistics Estonia have to mark the objects and activities on which they have spent this or that amount of working hours. During the first half of the year, the division of working hours was marked in the MS Excel table, but since the second half of 2009, when requirements to the system had become more clear-cut, the software Timelogic specially tailored for Statistics Estonia was taken into use.

Activity-based cost accounting simplifies planning of the budget in terms of additional works as well as possible budgetary cuts. In addition, it enables, upon a supplementary analysis, to make other strategic decisions as well (decisions on investments, changes in work arrangement, etc.), as we are furnished with an overview of the resources required for one or another work segment.



# Dissemination of statistics

## ALL DISSEMINATED STATISTICS WERE MADE AVAILABLE ON THE WEB

The main goal of Statistics Estonia is to make statistics as easily accessible as possible. Already starting from 2001, all users of statistics can use the public database on Statistics Estonia's website. One can find in the database all statistics subject to dissemination. From 2009 onwards, everyone can download any Statistics Estonia's publication from the Web free of charge. People have actively made use of this opportunity: the publication "Statistical Yearbook of Estonia" (2009) was downloaded by 1,400 users; "Eesti. Arve ja fakte" also appeared to be very popular remaining only slightly behind the Statistical Yearbook. "Quarterly Bulletin of Statistics Estonia", "Cities and Rural Municipalities in Figures" (2009) and "Business in Estonia" appeared attractive for nearly 500 users. The dissemination of printed publications decreased considerably in 2009, but with the electronic use included, the dissemination of statistical publications has nevertheless increased.

The pocket-sized reference book "Minifacts about Estonia" (incl. in Russian, German and French) was continuously the most popular printed publication (with more than 14,000 copies disseminated). In 2009, this publication was issued in a new format more interesting than the previous one. Such publications as "Statistical Yearbook of Estonia" (2009), "Indicators of Sustainable Development" and the pocket-sized reference books "Agriculture in Figures" (2008) and "Business in Estonia" were also among the top five publications in terms of popularity.

In 2009 people turned to Statistics Estonia with requests or orders for information or submitted recommendations on more than 3,400 occasions. Majority of the users of statistics are from the private sector accounting for almost a half of users. Individuals comprise a third of users and state and local government agencies — 14%.

The most popular statistical domains were foreign trade, wages and personnel costs, economic indicators of businesses, prices and the labour market.

## MORE DIVERSIFIED PRESENTATION OF STATISTICS ON THE WEB

Statistics Estonia observes the needs of the users of statistics on a continuous basis and takes the received feedback into account in product development. 2009 saw the birth of several new statistical products which were welcomed positively by users. Next to the public database which provides a very large amount of information and possibilities of use, Statistics Estonia offers the users of statistics some simpler statistics in the form of pre-defined tables where one can see the most widely used indicators of statistical domains. These tables compiled on the basis of public database are updated automatically alongside with the update of public database.

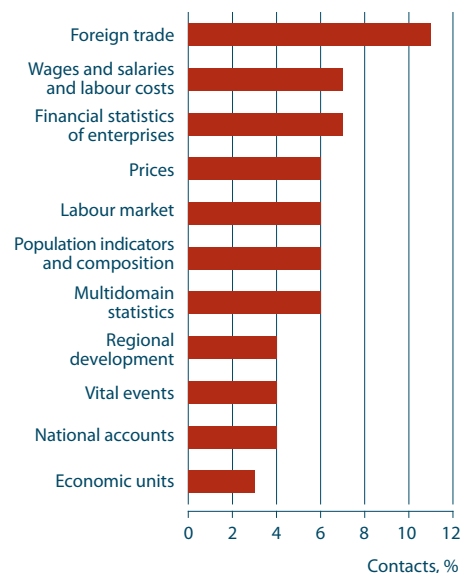
Price statistics, in particular the change of Consumer Price Index (CPI), is a statistical domain which attracts the interest of a wide range of users. To give everybody a chance to calculate the change of CPI of a period which poses interest, Statistics Estonia has made the CPI calculator, which enables to calculate the monthly, quarterly or yearly changes of CPI, available on its website.

With the support from the European Union Structural Funds, Statistics Estonia upgraded its Dashboard of Sustainability — a program with indicators which enable to measure the progress in moving toward the four development goals

Users of statistics by economic activity, 2009



Most popular statistical domains, 2009



set out in the strategy Sustainable Estonia 21. Information on the Dashboard of Sustainability has been provided on maps: it is possible to view maps on Estonia (by counties and local government units) and a priority list of countries, regions and counties.

In cooperation with German colleagues, Statistics Estonia created an interactive Population Pyramid, which presents population change in Estonia since 1990 and projections up to 2050. The Pyramid was made available on the website at the beginning of 2010 and it displays two population projection variants created in 2006. The next population projection is to be made after the 2011 Population and Housing Census.

### SEMINARS AND TRAININGS WERE ORGANISED

Every year, employees of Statistics Estonia take the floor in conferences and seminars. Besides, Statistics Estonia also organises events for users of statistics and data respondents.

At the beginning of 2009, three statistical publications were presented to users — "A Glimpse into the Working Life", "Migration" (2000–2007) and "Cities and Rural Municipalities in Figures" (2008). In July, the traditional presentation of "Statistical Yearbook of Estonia" (2009) to journalists took place.

In March, Statistics Estonia, in cooperation with the Estonian Statistical Society, organised the conference Registers and the Population Census, which brought together numerous Census and register specialists. The theme discussed at the conference was extremely topical, because an active discussion over the 2011 Census methodology took place in 2009. The goal of the conference was to inspire a discussion on the development trends of official registers and on modern Census methodologies. Although a conclusion was reached that a register-based Census is not realistic at present, the project REGEL aimed at developing the register-based Census methodology was started in 2009.

Following an earlier tradition, Statistics Estonia attended the organisation of GIS Day. Statistics Estonia also participated in the Days of Cities and Rural Municipalities, 4th Social Work Congress, Estonian cooperation conference, sustainable development forum, seminar on the social challenges of sustainable regional development, Tallinn Entrepreneurship Day and in other seminars.

Statistics Estonia organised seven trainings to users of statistics: for students of the Tallinn University Haapsalu College, for the 12th grade pupils of the Carl Robert Jakobson Gymnasium, for the representatives of the training company SELF and employees of specialized libraries; a training on data analysis and sampling for the Ministry of Finance, a statistics-themed series of lectures at the Tallinn University, a workshop on how to become a successful entrepreneur with the help of statistics which took place in the framework of the Tallinn Entrepreneurship Day. All in all, over 200 persons took part in these trainings.

Nine trainings were organised for respondents. On these trainings, eSTAT users, respondents submitting Intrastat reports and those submitting wage statistics reports were instructed. On several trainings, respondents were given an overview of disseminated statistics since a lot of respondents are also users of statistics at the same time. As the participants gave positive feedback and the trainings attracted wide interest, we will definitely organize more trainings in future.

In connection with preparations for the 2011 Population and Housing Census, the principles thereof were introduced to various target groups (employees of local government units, scientists, etc.).



## THE MEDIA'S ENHANCED INTEREST IN STATISTICS

Interest of the media in statistics has been growing from year to year. In 2009, Statistics Estonia and official statistics were reflected in the media channels for almost 4,900 times. Compared to 2008, the total number of reflections grew by 14%. On average 13 media reflections based on or discussing official statistics were published every day.

Statistics Estonia published 157 news releases in 2009 which makes 11 news releases more than earlier. News releases account for over a half of the total number of media reflections on official statistics — in 2009 news releases comprised 63% of all media reflections. It is positive in every respect that the reflection of Statistics Estonia's news releases has been on a very good level in recent years — in 2009 all Statistics Estonia's news releases were reflected in the media.

Considering the media reflections, economy-related statistics was predominantly the most popular domain among the four main domains of official statistics (environment, economy, population and social life), accounting for nearly 80% of the total number of media reflections like in previous years.

## STATISTICS ESTONIA HAS JOINED SOCIAL NETWORKS

Various social networks are gaining an ever growing popularity in communication. In order to move with the times and reach the largest possible number of persons taking interest in statistics, Statistics Estonia started to use the possibilities of modern media in the dissemination of statistics. Statistics Estonia has its site on Facebook, where fresh statistical information from Estonia and elsewhere is published. In addition to that, persons interested in statistics may read the statistics blog and follow the events of the 2011 Population and Housing Census on Twitter.

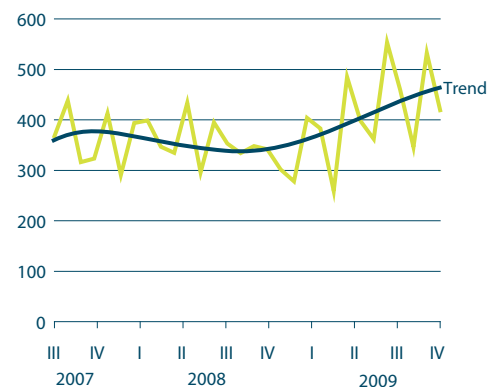
## STATISTICS ESTONIA ALWAYS WELCOMES FEEDBACK FROM USERS OF STATISTICS

Statistics Estonia has followed the practice of organizing at least two user surveys per year. This time, one survey concerned the main users who are involved with the compilation of the statistical programme and the other one concerned the readers of Statistics Estonia's Quarterly Bulletin.

The survey on inclusion in the compilation of statistical programme was targeted at interviewing the main users of official statistics from whom Statistics Estonia seeks suggestions every year for supplementation of the statistical programme. The purpose of the survey was to gain feedback from the main users of official statistics on their previous relevant cooperation experience in order to make the compilation process of statistical programme more effective and convenient for users. Two thirds of respondents looked positively upon the possibility to make suggestions. A major share (80%) of respondents assessed the possibility to contribute to compilation of the list of official statistical surveys as either 'very good' or 'rather good'. The summary of the survey is available on our website at the address <http://www.stat.ee/user-surveys>.

A new publication "Quarterly Bulletin of Statistics Estonia" was launched in 2009. Therefore, a survey was organized among the readers thereof in order to gain feedback on this new publication and collect suggestions for further development thereof. Everyone who opened the link to the electronic Quarterly Bulletin on Statistics Estonia's website had an opportunity to answer to the questionnaire. The survey revealed that readers of the Quarterly Bulletin welcomed the launch of this Bulletin and appreciate the content of the publication. The summary of the survey is published on our website at the address <http://www.stat.ee/user-surveys>.

Number of media reflections, 2007–2009



Statistics Estonia's blog

<http://statistikaamet.wordpress.com/>

Statistics Estonia on Facebook

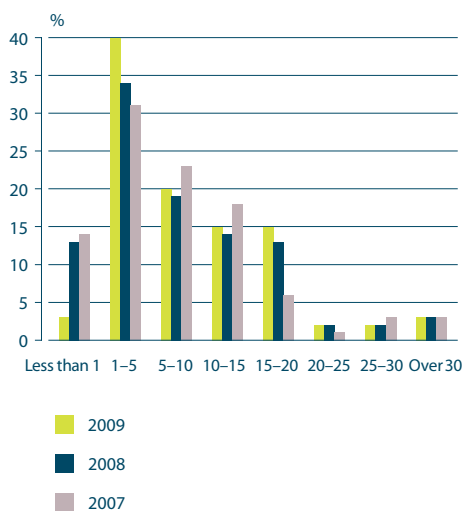
<http://www.facebook.com/Statistikaamet>

Information on the 2011 Population and Housing Census on Twitter

<http://twitter.com/REL2011>

## Personnel of Statistics Estonia

Statistics Estonia's employees by the length of in-house service as of 31 December, 2007–2009



### NUMBER OF EMPLOYEES, STRUCTURE AND TRENDS

At the end of 2009, Statistics Estonia had 361 staff positions. In 2009, on average 431 public servants (incl. 73 persons in support staff positions, 18 non-staff public servants in support staff positions and 17 non-staff officials) worked for Statistics Estonia. Compared to 2008, the average number of public servants decreased by 20 persons.

As before, female officials prevail in Statistics Estonia. They comprise 86% of all officials. The majority (85%) of officials have higher education (incl. 13% of them holding the Master's level degree according to the 3+2 years system, and 3% holding the Doctoral level degree), 7% have professional secondary education and 9% — secondary education. Like earlier, the majority of support staff and officials are 51–60-year-olds. As of 31 December 2009, 30% of officials and 31% of support staff belonged to the referred age group. During the year, the greatest change has occurred among the 61–65-year-old officials — this percentage grew by 4%.

Last year, the labour turnover of Statistics Estonia was considerably smaller than a year earlier. This positive change was evidently caused by a sharply growing unemployment and by an increased uncertainty of about future. That is why people did not dare to change the workplace.

#### Labour turnover<sup>a</sup>, 2005–2009

(percentages)

Group of public servants	2005	2006	2007	2008	2009
Higher officials	11.0	2.4	12.0	11.1	0.0
Senior officials	8.0	12.9	16.0	17.1	5.6
Junior officials	11.0	0.0	0.0	0.0	0.0
Support staff	0.0	13.6	25.6	20.7	9.6
Other non-staff officials	10.3	11.7	37.5	50.0	23.5
<b>Total turnover</b>	10.3	11.7	17.6 <sup>b</sup>	17.7	6.3
Turnover excl. non-staff public servants	... <sup>c</sup>	... <sup>c</sup>	16.9 <sup>b</sup>	16.6	5.6

As of 31 December 2009, the majority of Statistics Estonia's officials (40%) had 1–5 years of in-house service. Compared to 2008, the share of the referred group has grown by 6%, at the same time the proportion of public servants having less than one year of in-house service has decreased considerably (from 13% to 3%). The reason for this remarkable decrease in the share of public servants with less than one year of in-house service evidently lies in the smaller labour turnover and because of that fewer new employees are recruited. No essential changes have taken place in other groups.

<sup>a</sup> The number of persons who have resigned from the service is divided by the average number of employees and multiplied by 100. Only the persons who have resigned from the service on their own initiative and those who have been dismissed (e.g. released from the service due to age) are included; the employees who have resigned from the service by agreement of the parties, because of expiry of agreement, unsatisfactory results of the probationary period and unsuitability for office are not included in the table.

<sup>b</sup> Compared to the data published in Annual Report 2007, the personnel turnover calculation methodology has been revised and, non-staff officials who have worked for Statistics Estonia temporarily, i.e. for some months, on the basis of contract of services have been excluded from calculations in 2007 as well as afterwards for the purpose of correctness.

<sup>c</sup> Data not available or uncertain for publication.

## REDUCTION OF LABOUR FORCE AND CHANGES IN THE STRUCTURE

In the middle of the year, it became clear that operating expenses need to be economized. Therefore, two structural changes were carried out in Statistics Estonia last year. 33.5 positions were cut — the actual number of persons laid off was 25, some persons who were made redundant were employed in another unit and, some positions which were subject to liquidation had been vacant before. In view of reducing administration costs, the Economic Statistic Department (excl. the Foreign Trade Statistics Service which was moved under the Enterprise Statistics Department) and the General Government and Financial Sector Statistics Department were integrated into a new National, Financial and Environmental Accounts Department. Personnel Department, which had been a separate unit earlier, was liquidated and the position of the Head of Personnel Department was liquidated, too. The employees of the former Personnel Department were moved under a direct subordination of the Head of General Department.

## TRAINING ON VALUES

In 2009, Statistics Estonia, having gained support from the European Union Structural Fund, continued with the value-related training project “Implementation of values in Statistics Estonia: value-based management and the value day” which was organised in cooperation with the training company Self II.

The purpose of the project was to reach an agreement between management level employees with respect to the content and output of common values, establish a capacity to see the link between values and strategic goals, develop a skill how to apply common values to everyday work and conduct and make the employees realize the importance of these values. The goals set for the employees were to acknowledge the common values of Statistics Estonia, learn to relate them to the day-to-day work and conduct and thereby better understand the strategic values of the unit concerned and those of Statistics Estonia as a whole as well as to define one's own role in the implementation process of these values.

In the framework of the project, a briefing and preliminary discussions were held in order to collect information on the application of and attitude to these values. Next, the management level employees were trained, and they in turn conducted discussions with the employees of their unit. In addition, value weeks were organised — every week was dedicated to one value.

A seminar on values which embraced all employees was supposed to be the core event of the training project. Every employee of Statistics Estonia got an opportunity to participate in a one-day seminar (Value Day) which consisted of three workshops. Every workshop was dedicated to one core value of Statistics Estonia. As values should be introduced to and implemented in the organisation in particular through value-based management, the workshops were conducted by the management level employees of Statistics Estonia. Participants got better acquainted with the colleagues working for other services and departments. This facilitates better cooperation which helps to develop the unit-centred organisational culture into an organisation-centred one. At the annual general meeting of Statistics Estonia, attended by 258 employees, Karin Hango, Creative Director of Self II, made a report “Values, regular work and management” summarizing the results of the project.

## COMMON EVENTS

In earlier years, Statistics Estonia used to organise its Summer Days in beautiful places of Estonia, but in 2009, due to scarce financial resources to finance such events, it was decided to organise only a one-day hike.

A hike to the northeastern coast of Pakri Peninsula started from the railway station Balti Jaam (Baltic Station) in the early morning of 8 August. The sky was cloudless and the weather centre had forecasted an extremely warm weather. 64 hikers, the youngest of who was 11 months old, got off the electric train at Põllküla Station from where they headed for the graves of Ingrian Finns who had died in the Põllküla prison camp. Hikers took a walk on a pretty Kersalu sea front, visited the grave of Nikolai Triik in Leetse-Lepiku farm cemetery and enjoyed a sight opening from the 16m high limestone cliff. Participants had a picnic on the best sand beach of Pakri and some people also went swimming. After that, the hikers set out to the Leetse manor ruins and to the estate manager's house, passed the rocket base hangars and the nuclear reactor building of the submariners' training centre, then they made for Paldiski. The length of the hike was almost 16 kilometers long. Tired of the hot day, fresh air and long walk with backpacks, the hikers arrived in Tallinn around six o'clock in the evening.

Statistics Estonia's year-end party offered several activities. The party began already in the midday with a high-spirited photo-race in the Old Town. By instructions, the teams representing different departments had to find the pre-determined photographing sites. On every site, team members had to take a photo depicting a photo-performance the themes of which ranged from a hot day on Pärnu beach to a meeting of Romeo and Juliet.

Towards evening, the photo-hunters, tired of rushing about the Old Town with the ambient temperature showing -20 °C, arrived in the lobby of our building where all other guests and tables full of delicious Christmas food were already waiting for them in accordance with the best Christmas traditions. Some dishes could for some time be only looked at and not tasted as there took place an interdepartmental cake-making competition. Thereby, the competing "confectioners" got a chance to choose a name for their cake from among the titles of the news releases which

A merry year-end party of Statistics Estonia



had appeared to be most popular. Organizers of the Christmas party had also thought of how to keep the mind sharp, thus a variety of entertainment pleasant to see and listen to was offered. During the evening Jorma Puusaag played on the guitar, a group of long-legged show girls made a dance performance and a jolly clown entertained the merrymakers with popular games. At the end of the party, all guests were unanimously of the opinion that there was something enjoyable for everyone at this party. Many thanks to everybody who contributed to the party!

## DEVELOPMENT OF THE CAREER MANAGEMENT PRINCIPLES AND PERSONNEL POLICY

In 2009 the development of Statistics Estonia's career management principles reached the final stage and the respective agreement was concluded at the end of the year. One of Statistics Estonia's career management principles is to ensure the fulfilment of future key positions of statistics specialists and managers with persons already working at the institution. The career development opportunity is offered to those employees of Statistics Estonia who express their respective career advancement wish during the employee evaluation discussion.

The above-mentioned agreements were preceded by a thorough preliminary work. A discussion on which Statistics Estonia's career system should be, which the necessities of the institution are and which activities need to be planned have been the core themes of personnel work already since the beginning of 2008.

In 2009, Statistics Estonia started the development of its personnel policy. A working group was formed of the representatives of all departments. The meetings held, homework done and feedback gained from employees led to the agreement on principles about attitude to employees inside the organisation. Personnel policy specifies an organisation's fundamental attitude to its employees. According to the formulation of this policy, the aim thereof is to ensure the consistency of decisions and ways of conduct as well as equal treatment of employees.

Development of personnel work — formulation of uniform personnel policy and development of career management principles — was carried out in 2009 in the framework of the project "*Edasipürgiv organisatsioon*" (Committed to Excellence).



The sporty employees of Statistics Estonia taking part in SEB Maijooks (city run)

## Financing of Statistics Estonia

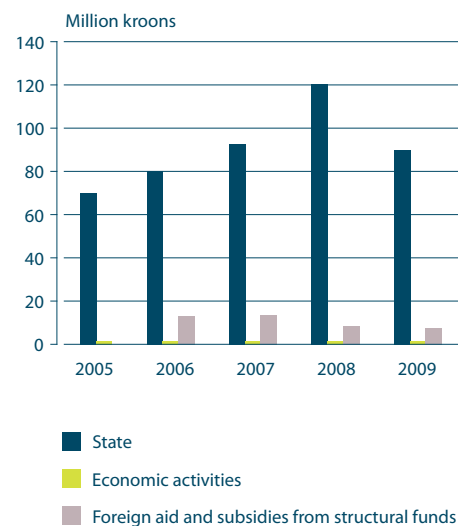
<b>Statistics Estonia's operating expenses and investments, 2005–2009</b> (thousands of kroons)					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Total expenses</b>	85 861.5	93 921.9	106 971.2	129 429.6	97 738.7
operating expenses	85 861.5	90 521.3	103 302.4	118 688.6	93 227.3
IT-investments	0.0	3 400.6	3 668.8	10 741.0	4 511.4
<b>Expenditure from the state revenue</b>	69 843.4	80 145.1	92 507.2	120 364.1	89 658.8
operating expenses	69 843.4	76 744.5	88 838.4	109 623.1	85 147.4
personnel costs	50 413.8	56 695.7	69 103.1	86 661.1	69 539.4
administration costs	19 429.6	20 048.8	19 735.3	22 962.0	15 608.0
IT-investments	0.0	3 400.6	3 668.8	10 741.0	4 511.4
<b>Expenditure from the revenue of economic activities</b>	944.0	911.4	1 067.7	624.9	594.5
operating expenses	944.0	911.4	1 067.7	624.9	594.5
personnel costs	186.5	597.2	442.0	280.1	148.6
administration costs	757.5	314.2	625.7	344.8	445.9
<b>Expenditure from the support gained from the European Union and Structural Funds</b>	15 074.1	12 865.4	13 396.3	8 440.6	7 485.4
operating expenses	15 074.1	12 865.4	13 396.3	8 440.6	7 485.4
personnel costs	8 272.4	6 534.2	9 446.4	3 899.0	4 474.3
administration costs	6 801.7	6 331.2	3 949.9	4 541.6	3 011.1
IT-investments	0.0	0.0	0.0	0.0	0.0

The operating expenses of Statistics Estonia in 2009 amounted to 97.7 million kroons. Compared to 2008, the expenses had decreased by 31.7 million kroons or by 25%.

Several amendments were made to Statistics Estonia's budget in 2009, and as a result the size of initially approved budget was reduced by nine million kroons. Due to the budget cutback, the labour force and salaries of the employees had to be reduced.

In addition to operating expenses, the expenditure of the Population and Housing Census in 2009 was 18.7 million kroons.

#### Sources of financing, 2005–2009



#### Expenses, 2005–2009



## Publications 2009

*"Eesti statistika aastaraamat. 2009. Statistical Yearbook of Estonia"*

*Eesti Statistika Kvartalikirj. Quarterly Bulletin of Statistics Estonia*

*"Eesti. Arve ja fakte 2009"* (e-publication in Estonian)

*"Ettevõtlus Eestis. Business in Estonia"* (pocket-sized reference book)

*"Immigrantrahvastik Eestis. Immigrant Population in Estonia"*

*"Keskkond arvudes. 2008. Environment in Figures"* (pocket-sized reference book)

*"Kultuur. 1997–2007. Culture"*

*"Kultuuris osalemine"* (participation in culture — information sheet in Estonian)

*"Leibkondade elamistingimused"* (living conditions of households — information sheet in Estonian)

*"Linnad ja vallad arvudes. 2009. Cities and Rural Municipalities in Figures"*

*"Maakonnad arvudes. 2004–2008. Counties in Figures"*

*"Mini-faits sur l'Estonie 2009"* (pocket-sized reference book in French)

*"Minifacts about Estonia 2009"* (pocket-sized reference book)

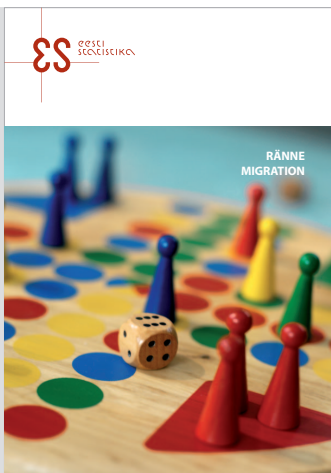
*"Põllumajandus arvudes. 2008. Agriculture in Figures"* (pocket-sized reference book)

*"Ränne. 2000–2007. Migration"*

*"Säästva arengu näitajad. Indicators of Sustainable Development"*

*"Täiskasvanute koolitus. Adult Education"*

*"Эстония. Факты и цифры 2009"* (pocket-sized reference book in Russian)







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