



COMMISSION OF THE EUROPEAN COMMUNITIES

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2003/0199 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

concerning statistics on the Information Society

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. BACKGROUND

Information and communications technologies (ICT) are having an increasing economic and social impact. Policy makers have sought to ensure that the new technologies are rapidly absorbed into everyday economic and social life. This has led to requests for statistics on a wide range of topics in the information society domain. The Structural Indicators, used in the annual Spring Report to the European Council, include indicators from the information society domain which require harmonized statistics at the European level.

In June 2002, European Heads of State endorsed the *eEurope 2005 Action Plan*, which sets up a number of targets to be achieved by the end of 2005, within the overall objective of the Lisbon Council for 2010 of "making Europe within ten years the most competitive and dynamic knowledge-based economy in the world". The Plan includes among its actions a process of benchmarking by means of indicators. The Action Plan states: "To improve the quality [compared to *eEurope 2002*], measurement of *eEurope 2005* indicators should make greater use of official statistics from the National Statistical Institutes and Eurostat. To allow for regular and comparable data collection in Member States a legal base is needed for Information Society statistics"¹. Council Resolution 5197/2003, on the implementation of the *eEurope 2005 Action Plan*, echoes the need for greater quality: "To improve quality, greater use should be made of surveys undertaken by NSIs and Eurostat.... When carrying out the surveys, all practical steps should be taken to ensure quality and comparability of data across countries". As the Lisbon Council target year is 2010, it is probable that these needs will continue beyond 2005. The Commission DGs look to the European Statistical System (ESS) to provide high quality statistics in this area.

In September 2002, after the publication of the *eEurope 2005 Action Plan*, Eurostat presented an Action Plan for Information Society statistics for 2002/2003 to the Statistical Programme Committee, which included measures to increase the involvement of the ESS in the supply of core statistics. A majority of Member States agreed that "a Framework Regulation, allowing a maximum of flexibility and referring to a limited set of indicators"² was necessary.

A draft of a legal act was first presented to an Information Society Strategic Task Force in November 2002. Since then a series of consultations with Member States has resulted in revisions to the act, and finally to the agreed text of the present proposal.

¹ "*eEurope 2005: An information society for all*" [Action Plan presented to Seville European Council, June 2002]

² Minutes of 46th Meeting of the SPC, Palermo, 18 September 2002 (CPS 2002/46/6)

2. CONTENT OF THE REGULATION

The proposed legislation provides a legal framework for National Statistical Institutes to provide the statistics needed for the Structural Indicators and the e-Europe benchmarking process, while at the same time being flexible enough to respond to new needs. The act is a framework regulation which covers statistics to be provided only in terms of outputs, leaving Member States full flexibility in how to obtain the statistics. It is limited in duration, in order not to create any permanent statistical burden.

The regulation contains two annexes, each defining a module which will later be implemented by a Commission Regulation. The modules define lists of subjects which may be covered by implementing measures. The lists have been drawn up after extensive consultation with Member States, who are in support of both the content of the lists themselves, and the mechanism of defining subjects in broad terms in the present Regulation, and later drawing from these lists to define characteristics more specifically (in terms of statistical variables to be provided) in implementing measures.

The draft Regulation was discussed at the meeting of the Statistical Programme Committee on 15th May 2003. A large majority of Member States were in favour of this Regulation.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

concerning statistics on the Information Society

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁴,

Whereas:

- (1) The European Council in Lisbon in March 2000 set the target for Europe to become within ten years the most competitive and dynamic knowledge-based economy in the world;
- (2) The eEurope Action Plan 2002 – endorsed at the Feira European Council in June 2000– established a process of target-setting and benchmarking to bring Europe online as fast as possible;
- (3) The European Council in Seville in June 2002 endorsed the aims of the eEurope Action Plan 2005, which called for a legal basis to ensure regular and comparable data provision in Member States and enable greater use of official statistics on the information society;
- (4) The Structural Indicators which are used in the annual Spring Report to the European Council require indicators based on coherent statistical information from the information society domain;
- (5) The process of benchmarking eEurope as part of the implementation of eEurope Action Plans requires indicators based on coherent statistical information from the information society domain;
- (6) Harmonised statistics on ICT usage in enterprises are needed on an annual basis by the Commission's services;

³ OJ C ..., ..., p. ...

⁴ OJ C ..., ..., p. ...

- (7) Harmonised statistics on ICT usage in households and by individuals are needed on an annual basis by the Commission's services;
- (8) The rapidly changing nature of the information society domain requires that the statistics that are produced adapt to new developments, and this can be provided for by having modules with a fixed duration, and by allowing for modification through implementing measures taking into consideration Member States' resources and the burden on respondents;
- (9) The production of specific Community statistics is governed by the rules set out in Council Regulation N° 322/97 of 17 February 1997 on Community Statistics⁵;
- (10) In accordance with the principles of subsidiarity and proportionality as set out in Article 5 of the Treaty, the objective of the proposed action, namely the establishment of a common framework for the systematic production of Community statistics on the information society, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the action, be better achieved by the Community. This regulation confines itself to the minimum required to achieve this objective and does not go beyond what is necessary for that purpose;
- (11) Since the measures necessary for the implementation of this Regulation are measures of general scope within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁶ they should be adopted by use of the regulatory procedure provided for in Article 5 of that Decision;
- (12) The Statistical Programme Committee (SPC), set up by Decision 89/382/EEC, Euratom⁷ has been consulted in accordance with Article 3 of the aforesaid Decision,

HAVE ADOPTED THIS REGULATION:

Article 1
Subject matter

The purpose of this Regulation is to establish a common framework for the systematic production of Community statistics on the information society.

⁵ OJ L 52, 22.2.1997, p. 61.

⁶ OJ L 184, 17.7.1999, p. 23.

⁷ OJ L 181, 28.6.1989, p.47.

Article 2
Definitions

For the purpose of this Regulation, the following definitions shall apply:

- (a) “Community statistics” shall have the meaning assigned to it in Article 2 of Regulation (EC) 322/97⁸;
- (b) “Production of statistics” shall have the meaning assigned to it in Article 2 of Regulation (EC) 322/97;
- (c) “Reference period” shall mean a period to which data refer;
- (d) “Reference year” shall mean a reference period of one calendar year;
- (e) “Collection period” shall mean a period specified in implementing measures during which a collection of data takes place;

Article 3
Scope

1. The statistics to be compiled include information required for the eEurope benchmarking process and for the Structural Indicators, and other information necessary to provide a uniform basis to analyse the information society.
2. The statistics shall be grouped as modules. Each module shall be defined in an Annex to this Regulation.

Article 4
Modules

The modules in this Regulation shall cover the following domains:

- Enterprises and the information society, defined in Annex 1;
- Individuals, households and the information society, defined in Annex 2.

Article 5
Methodological manual

The Commission (Eurostat) in close cooperation with Member States shall draw up, and update as made necessary by new implementing measures, an advisory methodological manual which contains guidance concerning the Community statistics produced pursuant to this Regulation.

⁸ OJ L 52, 22.2.1997, p.1. Any modifications made to this definition in Council Regulation (EC) 322/97 shall also apply here.

Article 6
Transmission of data

1. Member States shall transmit the aggregate data and metadata required by this Regulation and its implementing measures, including confidential data, to the Commission (Eurostat) in accordance with the existing Community provisions on transmission of data subject to statistical confidentiality. These Community provisions shall apply to the treatment of the results, in so far as they include confidential data.
2. Member States shall transmit the data and metadata required by this Regulation in electronic form, in conformance with an interchange standard agreed between the Commission and the Member States.

Article 7
Quality criteria and reports

1. The Commission (Eurostat) shall assess the quality of the data transmitted.
2. The Commission (Eurostat), in close co-operation with Member States, shall develop recommended common standards designed to ensure the quality (according to the standard Eurostat quality criteria) of the data provided. These standards shall be published in the methodological manual.
3. Member States shall take all measures necessary to ensure the quality of the data transmitted.
4. Within a set period after the deadline for transmission of final results, Member States shall supply the Commission (Eurostat) with a report on the quality of the data transmitted on the basis of the recommended common quality standards. This period shall be agreed upon during the development of implementing measures. The report shall specify instances in which they have not followed the methodological recommendations referred to in paragraph 2.

Article 8
Implementing measures

1. The measures for implementing the modules of this Regulation shall concern the specification, adjustment and modification of subjects and their characteristics, the reference periods and breakdowns of characteristics, the periodicity and timing of data provision and the deadlines for transmission of results.
2. Implementing measures, including adjustment and updating measures to take account of economic and technical changes, shall be laid down in accordance with the procedure specified in Article 9(2), taking into consideration Member States' resources and the burden on respondents.
3. Implementing measures shall be drawn up at least 9 months before a data collection period.

Article 9
Committee

1. The Commission shall be assisted by the Statistical Programme Committee, established by Decision 89/382/EEC, Euratom composed of representatives of the Member States and chaired by the representative of the Commission.
2. Where reference is made to this paragraph, the regulatory procedure laid down in Article 5 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) and Article 8 thereof.
3. The period provided for in Article 5(6) of Decision 1999/468/EC shall be three months.

Article 10
Financing

1. For at least the first year in which Community statistics provided for in implementing measures to this Regulation are produced by Member States, the Commission shall make a financial contribution to the Member States to help cover the costs incurred by them in producing, processing and transmitting these statistics.
2. Financial contributions shall be in the form of grants. The conditions and procedures for the awarding of grants and for payment and control shall be in accordance with Council Regulation 1605/2002 (EC, Euratom), Articles 108-120, as implemented by Commission Regulation 2342/2002 (EC, Euratom), Articles 160-184.
3. If budgetary conditions permit, the Commission intends to continue financial support (grants) to Member States to help offset the costs of providing these statistics in subsequent years.
4. The amount of such financial contribution shall be fixed as part of the annual budgetary procedures of the European Communities. The maximum Community contribution shall not exceed 90 % of the total costs of providing these statistics. The budget authority shall determine the appropriations available.

Article 11
Entry into force

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX 1
MODULE 1: ENTERPRISES AND THE INFORMATION SOCIETY

(a) Aims

The aim of this module is the timely provision of statistics on the availability of, readiness for, usage of, and perceived effects of ICT in enterprises

(b) Coverage

This module covers business activities within Sections D to K, and Division 92 of the statistical classification of economic activities in the European Community (NACE REV. 1.1). Section J will be included subject to successful prior pilot studies.

The statistics shall be compiled for enterprise units.

(c) Duration and periodicity of data provision

Annual provision of statistics for up to five reference years following the date of entry into force of this Regulation. Not all characteristics will necessarily be provided each year; the periodicity of provision for each characteristic will be specified and agreed upon as part of the implementing measures.

(d) Subjects covered

The characteristics to be provided will be drawn from the following list of subjects:

- ICT systems and their usage in enterprises
- Use of internet and other electronic networks by enterprises
- e-Commerce and e-Business processes
- ICT competence in the enterprise unit and the demand for ICT skills
- Barriers to use of ICT, internet and other electronic networks, e-commerce and e-business processes
- ICT expenditure and investment
- ICT security
- Perceived effects of ICT usage on enterprises

(e) Breakdowns

Not all breakdowns will necessarily be provided each year; the breakdowns required will be drawn from the following list and agreed upon as part of the implementing measures.

- By size class
- By NACE heading
- By region.

ANNEX 2

MODULE 2: INDIVIDUALS, HOUSEHOLDS AND THE INFORMATION SOCIETY

(a) Aims

The aim of this module is the timely provision of statistics on the availability of, readiness for, usage of, and perceived effects of ICT in households and for individuals.

(b) Coverage

This module covers statistics about private households and individuals.

(c) Duration and periodicity of data provision

Annual provision of statistics for up to five reference years following the date of entry into force of this Regulation. Not all characteristics will necessarily be provided each year; the periodicity of provision for each characteristic will be specified and agreed upon as part of the implementing measures.

(d) Subjects covered

The characteristics to be provided will be drawn from the following list of subjects:

- Access to and use of ICT systems by individuals and/or in households
- Use of internet for different purposes by individuals and/or in households
- ICT security
- ICT competence
- Barriers to use of ICT and the Internet
- Perceived effects of ICT usage

(e) Breakdowns

Not all breakdowns will necessarily be provided each year; the breakdowns required will be drawn from the following list and agreed upon as part of the implementing measures:

A. For statistics supplied for households:

- By household type

B. For statistics supplied for individuals:

- By age class
- By sex
- By education level
- By employment situation
- By region

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Statistics

Activit(y/ies): Information Society Statistics

TITLE OF ACTION: Proposal for a Regulation of the European Parliament and the Council (EC) No ../..... concerning statistics on the information society

1. BUDGET LINE(S) + HEADING(S)

B5-3310 (ABB 09 03 01)(DG INFSO/ESTAT) - MODINIS (until end 2005; in subsequent years subject to availability of funds from a follow-up programme)

B5-3260 (ABB 02 05 01) (DG ENTR) - Competitiveness

B5-6000 (ABB 29 02 01) (ESTAT) Statistical Information Policy (after 2006, if consistent with financial perspective in force for the period commencing in 2007)

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): 12.5 € million for commitment

Existing budget allocation on these lines (concerning B5-3310 subject to final approval of the MODINIS budget) already covers this amount and no additional resources are necessary. This proposal is consistent with the existing financial programming of the Commission.

2.2. Period of application:

2004-2008

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million (to 3rd decimal places)

	Year [n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Commitments*	2.500	2.500	2.500	2.500	2.500	0	12.500
Payments	1.000	2.500	2.500	2.500	2.500	1.500	12.500

* Expected breakdown of expenditure between budget lines for each year (€ million):

B5-3310: 2.000

B2-3260: 0.500

B5-6000: (p.m.)

Total: 2.500

- (b) Overall financial impact of human resources and other administrative expenditure
(see points 7.2 and 7.3)

Commitments/ payments	0.432	0.432	0.432	0.432	0.432	0	2.160
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The human resources indicated will be covered within the existing allocation of Policy Area Statistics.

TOTAL a+b							
Commitments	2.932	2.932	2.932	2.932	2.932		14.660
Payments	1.432	2.932	2.932	2.932	2.932	1.500	14.660

2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming.

2.5. Financial impact on revenue:

No financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

B5-3310 (09 03 01)

MODINIS

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Non-comp	Diff	NO	YES	YES	No 3 - Internal Policies

B5-3260 (02 05 01) –

Competitiveness

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Non-comp	Diff	NO	NO	NO	No 3 - Internal Policies

**B5-6000 (29 02 01) –
ESTAT (p.m.)**

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Non-comp	Diff	NO	YES	NO	No 3 - Internal Policies

4. LEGAL BASIS

Articles 285, 157 and 165 of the Amsterdam Treaty establishing the European Community

Council Regulation (EC) No. 322/97 on Community Statistics

Decision No. 2367/2002/EC of the EP and of the Council of the 16th December 2002 on the Community Statistical Programme 2003 to 2007

Seville European Council (June 2002)

Council Resolution 5197/2003 implementing the eEurope 2005 Action Plan

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The objective of this Proposal is to establish a legal framework for the provision of harmonized statistics on the information society at European level, including statistics needed both for the Structural Indicators, used in the annual Spring Report to the European Council, and for the eEurope benchmarking process.

The eEurope 2005 Action Plan, endorsed by Heads of State at the Seville Council in June 2002, states: "To improve the quality [compared to eEurope 2002 indicators], measurement of eEurope 2005 indicators should make greater use of official statistics from the National Statistical Institutes and Eurostat. To allow for regular and comparable data collection in Member States a legal base is needed for Information Society statistics."⁹

⁹ "eEurope 2005: An information society for all" [Action Plan presented to Seville European Council, June 2002]

5.1.2. Measures taken in connection with ex ante evaluation

The eEurope 2002 Action Plan contained a set of 23 indicators to be used to benchmark progress towards the 2010 Lisbon Council objective of making Europe within ten years the most competitive and dynamic knowledge-based economy in the world. These indicators were based on statistics from non-official sources. Following the evaluation of this process, the Action Plan for eEurope up to 2005 contained the statement quoted in paragraph 5.1.1 above, and Council Resolution 5197/2003, on the implementation of the eEurope 2005 Action Plan, reiterated the need for greater quality in the indicators used: "To improve quality, greater use should be made of surveys undertaken by NSIs and Eurostat. When carrying out the surveys, all practical steps should be taken to ensure quality and comparability of data across countries".

In this context Eurostat presented an Action Plan for Information Society statistics for 2002/2003 to the SPC, which included measures to increase the involvement of the ESS in the supply of core statistics. A majority of Member States agreed that "a Framework Regulation, allowing a maximum of flexibility and referring to a limited set of indicators"¹⁰ was necessary.

5.2. Action envisaged and arrangements for budget intervention

The proposed Regulation describes the legal framework within which Member States' national statistical offices will provide the statistical variables on the information society needed for the Structural Indicators and eEurope benchmarking indicators. The variables to be provided will be detailed in implementing measures. Both this framework regulation and future implementing regulations will be "output" measures, defining the statistical variables to be provided, but leaving Member States full flexibility in how to obtain the variables. In practice, many Member States will extend existing surveys or conduct specific surveys to obtain the results required. The Commission contribution will take the form of grants awarded on the basis of grant applications submitted by Member States in advance which will include estimated cost statements. Data will be provided annually. Eurostat will maintain a database for the data, and will publish statistics on the information society annually. There will thus be a single action: to provide grants to national statistical institutes in Member States to offset the cost of providing these variables.

5.3. Methods of implementation

Management of the grants procedure and all data handling will be carried out by permanent Commission staff, with no externalisation.

¹⁰ Minutes of 46th Meeting of the SPC, Palermo, 18 September 2002 (CPS 2002/46/6).

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to the 3rd decimal place)

Breakdown*	[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Action 1- grants to MSs for the provision of statistical variables	2.500	2.500	2.500	2.500	2.500	0	12.500
TOTAL	2.500	2.500	2.500	2.500	2.500	0	12.500

* Expected breakdown of expenditure between budget lines for each year (€ million):

B5-3310: 2.000

B5-3260: 0.500

B5-6000: (p.m.)

Total: 2.500

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)

Commitments (in € million to 3rd decimal place)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1...n)	Average unit cost	Total cost (total for years 1...n)
	1	2	3	4=(2X3)
<u>Action 1</u> Management of grant procedure	Set of statistical variables	125 sets (25 countries x 5 years)	0.100	12.500
TOTAL COST				

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

The human resources indicated will be covered within the existing allocation of Policy Area Statistics.

Types of post		Staff to be assigned to management of the action using existing resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Permanent Officials or temporary staff	A	1.5		1.5	<i>Management of grants procedure Contracts, Database management Secretarial.</i>
	B	2.0		2.0	
	C	0.5		0.5	
Other human resources					
Total		4.0		4.0	

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials	432,000	4 x 108,000
Temporary staff		
Other human resources (give budget line)		
Total	432,000	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7)		
A0701 – Missions		
A07030 – Meetings		
A07031 – Compulsory committees ¹		
A07032 – Non-compulsory committees ¹		
A07040 – Conferences		
A0705 – Studies and consultations		
Other expenditure (specify)		
Information systems (A-5001/A-4300)		
Other expenditure - Part A (state which)		
Total		

The amounts are total expenditure for twelve months.

¹ Specify the type of committee and the group to which it belongs.

I.	Annual total (7.2 + 7.3)	432,000 €
II.	Duration of action	5 years
III.	Total cost of action (I x II)	2,160,000 €

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The implementation of this Regulation will be treated in a comitology procedure. As specified in Article 8 of this Regulation, Commission Regulations will be developed in relation to the specification, adjustment and modification of statistical characteristics (variables) to be provided together with their reference periods and breakdowns, the periodicity and timing of data provision, the breakdowns of results and the deadlines for transmission of results and quality reports to Eurostat.

8.2. Arrangements and schedule for the planned evaluation

Within a defined period after the deadline for the transmission of final results for every reference period, each Member State will submit to the Commission a report on the quality of the data transmitted, based on recommended common quality standards developed by the Commission in consultation with the Member States. The report shall specify instances in which they have not followed methodological recommendations, and give some analysis of the cause of the discrepancy. Commission services will evaluate these reports each year and, in consultation with Member States, make modifications to the procedures in force or to the methodological recommendations to improve compliance to quality standards in the future.

9. ANTI-FRAUD MEASURES

A revised system of internal management and control was put in place following the Commission's Reform initiative on financial management. This system included a reinforced internal audit capability.

Annual monitoring of progress with implementation of the Commission's Internal Control Standards is designed to give assurance on the existence and functioning of procedures for prevention and detection of fraud and irregularities.

New rules and procedures have been adopted for the principal budgetary process: calls for tenders, grants, commitments, contracts and payments. The manual of procedures are made available to all those intervening in financial acts with a view to clarify responsibilities, simplify workflows and indicate key control points. Training on their use is provided. The manuals are subject to regular review and updating.