

# Buildings and constructions

## Survey on public works

The statistical survey on public works, launched at the end of the 19th century, was conducted by Istat from 1932 to 2004, when the survey was suspended.

In the two decades between 1878-1898, data were collected by the Ministry of Public Works and published during the national and international exhibitions of the time, especially with reference to spending and the profits of public works.

In 1925 the Ministry of Finance used accounting data to publish a time series for the period between 1862-1924.

From 1926 and until 1935, the Statistics Office of the Ministry of Public Works conducted four total surveys every three years, with the aim of collecting information on the progress in public works in course or completed. These surveys were performed under the supervision of the Central Institute of Statistics, which issued consent for their publication as set out in Royal Decree no. 1285/1929 (dated 27 May 1929). The collected data referred to the amounts in kilometres of road works, in linear or square metres of port works, in cubic metres of public buildings (state or school buildings). Monthly statistics bulletins were also used to publish the amounts agreed in payment for public works, divided into ordinary and extraordinary expenses.

At the same time, the Central Institute of Statistics in collaboration with the Ministry of Public Works launched a monthly survey of public works in 1932 to collect information on employment in the sector and on the institutions not directly controlled by the Ministry itself<sup>1</sup>. The authorities involved participated in collecting data, although without the help of common methodological guidelines or survey forms. From 1939 to 1945 the survey was suspended due to the world war and was re-launched in 1946 using the same criteria adopted in the pre-war period.

From 1950 onwards, in order to ensure greater coherence in data collection and to take account of the changes to the Country's administrative structure, the Council of Ministers set up an office to coordinate Public Works at the Central Institute of Statistics, responsible for the monthly statistics on public works funded entirely or partly by the State, with the aim of following the developments of the works in terms of amounts used and workers employed.

Istat also used the same methods to record the event among local authorities and other public bodies, with relation to works performed using own funding without any contribution from the State. On that occasion, the first volume of the collection *Methods and norms* was published with a description of the main characteristics and phases of this total survey, which covered all public works or public utility works relating to new constructions, rebuilding, large-scale repairs and extraordinary maintenance. The survey unit was each work, intended as work or part of work as defined by the tender or project funding application<sup>2</sup>. Data were collected each month both for works entirely or partly funded by the State and for works totally or partly funded by local authorities or other public bodies for works performed by all regional and local authorities<sup>3</sup>.

<sup>1</sup> The figures were published in 1934 *Annuario statistico italiano* (Italian statistics yearbook).

<sup>2</sup> Ordinary maintenance works were excluded. The main information was collected using a survey form filled out directly by the contracting enterprises, or by the technical services of the single authorities entrusted with performing the works. The figures covered mainly the workers employed and the value of the works. The form included the name of the contracting enterprises, the description of the project and the work to which it referred, in addition to the work's *statistical number*, a unique identification code allowing for the work's progress to be tracked. A second type of form used was the work notification form, adopted by the survey bodies for each work, in order to follow the various phases of its development.

<sup>3</sup> The survey was conducted on a quarterly basis, on the other hand, for works entirely or partially funded by local authorities or other public bodies for works performed by municipalities with a resident population of less than 20,000 inhabitants.

In 1958, Istat decided to attach compilation instructions to the survey form, and several innovations were introduced to the survey, also in order to meet National Accounts requirements for calculating investment in the constructions sector. Therefore, the definition of work<sup>4</sup> was modified and the field of observation was extended to include both works constructed for direct use by the Public Administration and works used by public and private enterprises as also works performed by private parties (dwellings), constructed with total or partial funding from the Public Administration, including public corporations and municipal enterprises; the field of observation therefore included works constructed by these bodies without State funding. The survey form for the work became easier to fill out, as the percentage of progress was required in terms of production value rather than in physical terms<sup>5</sup>; this led to the completion and adaptation to the new procedures also for the works notification form.

During 1974, without modifying the methodological aspects of the survey, Istat completed the classification of public works, specifying categories of individual works and simplifying the data collection and checking operations<sup>6</sup>.

From 1985 onwards, the greater independence of local authorities to perform public works and the creation of bodies with own legal personality and accounting independence led to a revision of the survey methodology, which became administrative and was conducted on a quarterly basis. The new survey had the exclusive purpose of calculating the production index for civil works and the estimation of investment in the construction sector for the National Accounts. The survey field of observation was represented by public utility works and public works managed by contract or on a time and materials basis, whoever materially performed them<sup>7</sup>. Financing bodies were no longer involved in the survey which was directly aimed at contracting bodies. From Istat point of view, this led to the development of an archive of contracting bodies for internal use, updated on the basis of information on their creation and closure taken from the Chambers of Commerce or other sources. This archive allowed better control on survey quality, with the possibility of both calculating the level of collaboration from municipalities and other bodies and of sending targeted reminders to non-respondents. Non-respondent identification was also made more accurate with the introduction of the communication of null activities (for works that had already been started and performed) which allowed for non-response to be distinguished from the absence of tender contracts.

In 1999 a value threshold was introduced; works already started for a value of over 50 million Lire (subsequently updated to 25,823 Euro) and related activities performed for public works and utilities by Public Administration bodies and related enterprises, Enel S.p.a. and Ferrovie dello Stato S.p.a. became the survey object, with the sole exception of ordinary maintenance works. On this occasion the bodies, previously grouped into 16 categories, were reclassified according to the criteria set out by the new European System of National and Regional Accounts (ESA95); records in the public works archive were associated with the sector Non-financial Companies and quasi-companies and in the sector Public Administrations. Still in the same year, the classification of public works was updated to take account of the harmonised European Classification of construction (Cc), designed in line with the Central product classification (Cpc) published in 1991 by the United Nations<sup>8</sup>.

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<sup>4</sup> A construction or system destined for use as fixed capital in the production of goods or services by the Public Administration and public or private enterprises, performed using total or partial funding from the State, local Authorities or other national or international public bodies.

<sup>5</sup> Nonetheless, precodified variables were not yet present for the category of work or type of job. The codes were therefore applied by Istat. As in previous years, ordinary maintenance was excluded while structural extensions or improvements were included, with the aim of obtaining an estimate of investment.

<sup>6</sup> From the late 1960s, the State administration underwent considerable evolution: in 1970 councils of regions with ordinary statute were elected and over time these became contracting bodies and, above all, financing sources for public works. Moreover, a process of transformation began for some of the large State institutions, such as the Railways, Post Office, Enel, etc.

<sup>7</sup> From that time onwards, public work or utility is understood as a construction or system destined for use as fixed capital in the production of goods or services by Public Administration bodies or their enterprises, Enel S.p.A., Ferrovie dello Stato S.p.A., or other parties when performed using total or partial funding from Public Administration bodies. The survey unit became the individual work, understood as a new public work or a structural improvement (extension, enlargement) and/or extraordinary reparation of an existing public work or part of it.

<sup>8</sup> The Classification of construction (Cc) is structured into 2 sections, 6 divisions, 20 groups and 46 classes. The Cc provides two main categories: buildings and civil engineering works. Within these two sections, a fundamental distinction is made according to the structure's specific use (for example, buildings for offices or shops, road network, hydraulic works, pipes) and, in particular for buildings, according to its prevalent use. Buildings are divided into residential and non-residential buildings. Residential buildings are intended as constructions in which at least half of the building will be used for residential purposes. If less than the net surface area will be used for residential purposes, the building is classified as non-residential and maybe distinguished according to its main economic purpose: agriculture, industry, transport, etc. Civil engineering work is intended as all constructions not classified as buildings: railways, roads, bridges, highways, aeroplane runways, dams, etc.

As mentioned above, in 2004 the *Rilevazione statistica delle opere pubbliche* (Statistical survey of public works) was suspended following the difficulties encountered in respecting the deadlines set out in Council Regulation no. 1165/1998/EC (dated 19 May 1998) relating to the issue of the variables requested, and due to the superimposition created by the administrative survey performed by the Supervision Authority for Public Works (Avlp), set up in 1994<sup>9</sup>.

Moreover, the Istat survey was not found to be effective for producing stock data, due to the impossibility of linking works already started with the related Work Progress Reports (Sal) using the works code. These problems, together with the need to reduce the statistical burden on contractors, led to the suspension of the survey and the launching of a collaboration with Avlp regional Observatories, with the aim of using the information collected on public works at local level for statistical purposes.

The largely positive results of the experiment, performed in Lombardia, Valle d'Aosta/Vallée d'Aoste, Friuli-Venezia Giulia and the independent provinces of Trento and Bolzano/Bozen in 2002 and 2003 led to the extension of this faster and easier information collection method to all regions, allowing for wider coverage and better quality data.

#### *Warnings for time series comparisons*

- The statistical survey on public works has evolved together with the changes in the structure of the Italian State over the course of time, starting from almost entirely centralised spending competence and culminating in almost completely decentralised spending competence assigned to local authorities, provinces and municipalities. Investment in public works today is prevalently made by private legal bodies or mixed private and public institutions.

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<sup>9</sup> In fact, Law no. 109 dated 1994 (*Merloni Law*) established regional Observatories of public works at the Avlp that represent an administrative source of reference.