

INTER-SECRETARIAT WORKING GROUP ON PRICE STATISTICS (IWGPS)

EXTENDED IWGPS MEETING, 29 MAY 2014, 9:30 - 13:00

20TH IWGPS MEETING, 29 MAY 2014, 14:00 - 16:00

MINUTES

Version 8 July 2014

Attendance - Institutional members

Peter van de Ven Anne Sophie Fraisse	Organisation for Economic Co-operation and Development - Chair
Joachim Recktenwald Jarko Pasanen	Eurostat
Valentina Stoevska	International Labour Organisation
Brian Graf	International Monetary Fund
Carsten Boldsen	United Nations Economic Commission for Europe
<i>World Bank: no attendance</i>	

Attendance - Invited experts

Erwin Diewert	University of British Columbia
David Fenwick	
Niall O'Hanlon	CSO Ireland
Martin Eiglsperger	ECB
Robert Szemere	BIS
Satoshi Imai	Bureau of Statistics, Japan, representing the host of the next Ottawa Group meeting
Gaona Lopez Rafael	INEGI
Patrick Kelly	Statistics South Africa
Michael Horrigan	Bureau of Labor Statistics
<i>Invited but not attended by Irina Goryacheva</i>	

EXTENDED IWGPS MEETING, 29 MAY 2014, 9:30 - 13:00

1 Opening

Peter van de Ven (chair) welcomed all participants to the extended IWGPS meeting including the participation of country representatives and experts (see above list), with the main objective of discussing the content and the organisation of the update of the 2004 CPI Manual.

2 Update of the CPI Manual

Peter van de Ven (Chair) provided a short summary of the discussion at the CPI meeting (26-28 May 2014), showing significant support for updating the 2014 CPI Manual. Interventions from participants were in line with internal discussions in previous IWGPS meetings. In summary seven main topics were mentioned at the CPI meeting:

1. Co-operation: Updating of the CPI manual should be conducted in close cooperation with experts from the CPI community;
2. Prescriptive dimension of the CPI manual: The updated manual should be more prescriptive, whenever feasible, on the methods and definitions to be used. Doing so, practical cost effective solutions should be targeted at, and special attention should be paid to the wording of the recommendations;
3. Theory vs. practice: theory and practice should be well balanced;
4. Ordering of chapters;
5. Living documents; one should have a closer look at the way in which the manual is published and updated in the future;
6. Comparability at an international level;
7. Issues of particular importance: big data/ scanner data; interpretation of CPI data, and seasonal products.

All attendees in the Extended IWGPS expressed their views on the updating of the 2014 CPI Manual:

- Brian Graf (IMF) supported the updating of the 2004 CPI Manual and that the manual should include more prescriptive advice where possible. He supported the adoption of a classification such as preferred/first best/second best, but that should be done in a careful way. Additionally, he noted that there is no need to completely rewrite or restructure the CPI manual, also because it has, for the IMF, the status of a standard.
- Valentina Stoevska (ILO) supported the updating of the 2004 CPI Manual, but pointed out it should not take the form of a complete revision. The new developments that have been taken place over the last 10 years (scanner data, method of calculation, etc.) need to be included. She stressed the need to consider all alternatives for updating, including the possibility of addressing some issues in separate handbooks. She was slightly more hesitant in supporting the principle of giving a more prescriptive dimension to the manual, noting that it will not be possible to be prescriptive in all areas of the manual.
- Satoshi Imai (Bureau of Statistics, Japan) supported the updating of the 2004 CPI Manual; he also supported the potentially more prescriptive nature of the new edition, with the objective to describe different alternatives with pros and cons.
- Martin Eiglsperger (ECB) also supported the update of the Manual; it should however not be a major overhaul. Chain drift and aggregation, sampling in practice and owner-occupied housing

- (OOH), dealt with in a condensed format in one chapter and also referring to latest developments in the EU, were specific issues he would like to see addressed.
- Carsten Boldsen (UN-ECE) insisted on the positive outcome of the CPI-meeting: country demands for more prescriptive recommendation and clearer support; need for striking a good balance between theory and practice by including short summaries of, or referring to, the most up-to-date theory in the relevant practical chapters.
 - Gaona Lopez Rafael (INEGI) supported the manual being more prescriptive, although he also highlighted the need to take on board the budgetary dimension of recommendations.
 - Joachim Recktenwald (Eurostat) highlighted the risk that an update may trigger a complete revision. He supported the inclusion of more prescriptive recommendations, but also highlighted the need to take into account the cost effectiveness of recommended methods. Joachim would prefer to have theoretical considerations in front of the practical recommendations, although he recognised that this may be quite time consuming. He also mentioned OOH, chaining and treatment of seasonal products as specific issues to be addressed in the update.
 - Niall O'Hanlon (Ireland) highlighted the fact that methods to deal with scanner data are not well established, and that there is a risk of contradiction between incorporating new developments and a more prescriptive CPI Manual. He also thought that the present balance between theory and practice was rather good.
 - Patrick Kelly (South Africa) supported the more prescriptive dimension of the update, and also expressed a preference for describing preferred methodological options. He also raised the issue of the revision of the COICOP classification and the possible consequences for the update of the 2004 CPI Manual.
 - David Fenwick recognized that the option to be more prescriptive is attractive; in this respect, he expressed a preference for describing preferred methodological alternatives. He highlighted that a lot of work has been done on scanner data; however, the inclusion of a dedicated chapter may come too early; the development of a special guide on the use of scanner data may be an interesting alternative. He also wondered what would be the consequences of the update for the ILO-resolution. Valentina explained that given the fact there updating of the manual does not involve major methodological changes there will be no need for updating the ILO resolution.
 - Erwin Diewert noted that the update should preferably take no longer than 2-3 years. Furthermore, he thought that the following, more specific issues need to be addressed: annual baskets and scanner data, and developing countries' practices. Consideration should also be given to the harmonisation of the CPI Manual and the practical guide.
 - Michael Horrigan (BLS) also supported the updating of the CPI Manual. In addition, he raised the question of international harmonization and how to deal with the use of different classification systems. He also expressed some concerns and risks when going for a more prescriptive approach. Finally, he would prefer to have an issues paper dedicated to scanner data. Finally, he noted that one should also have a look at the structure of the manual and its chapters (having for example a layered approach, starting its chapter with a summary and subsequently drilling down).

Peter van de Ven summarized the discussion by presenting the four points on which there was an agreement:

1. Updating of the CPI manual without looking for a major overhaul; expected time is 2 to 3 years.
2. New edition should be more prescriptive whenever needed and feasible.
3. Different options exist to restructure and reorder chapter: decision will be made according time needed.
4. By the end of the year a clear list of issues on what to update (and what not to update) needs to be established and agreed upon.

3 Content and organization of the update (if consensus emerges on the need for an update)

1. A list of issues will be finalised by the end of the year and sent for comments to countries:
 - The list of issues will itemise chapter by chapter all methodological issues that may be subject to an update.
 - Carsten Boldsen, Mick Silver, Valentina Stoevska, David Fenwick and Niall O’Hanlon will take care of drafting a first version before July 15th;
 - The first version will be sent to the full group for comments. The extended IWGPS should finalize the list of issue by end of September, after which all countries will be consulted.
2. In the meantime decisions on the time schedule and on financial issues should be made, with the objective to start the actual updating in the beginning of 2015.
3. An agreement on the composition of the Technical Expert Group still needs to be reached. It was however agreed that the Group should consist of experts from research as well as practical compilation; experts from developing countries should also be included. The final choice of experts will be made taking into account the topics included in the final list of issues.

4 Residential Property Price Indices: progress and way forward

- Peter van de Ven provided a short summary of the OECD Workshop on House Prices, held in Paris on 24-25 March 2014. With the progress made in the area of RPPIs over the recent years, further improvement in methods and compilation is feasible, and should be set with a longer-term perspective, for both NSOs and IOs. In this respect, the OECD will propose a concrete template for collecting internationally comparable RPPIs and additional indicators on housing statistics. The template will be sent to OECD countries for comments and approval by the end of June 2014
- Joachim Recktenwald (Eurostat) informed that house sales are the next indicators to be developed for the EU (at annual and quarterly frequency).
- Robert Szemere (BIS) summarised the recent developments made by the BIS. In June 2014 the BIS [published](#) a data set of selected nominal and real residential property prices for 54 countries, a data set of long nominal series with a starting date of 1970 for 18 countries. At the same time the BIS started publishing a quarterly note on real residential property price developments. Finally the BIS will incorporate India Housing prices in their database in July 2014.
- Brian Graf (IMF) informed attendees that French and Spanish versions of the RPPI manual are almost finalized. He also noted that in the framework of recommendation 19 of the G20 Data Gaps Initiative, there is a high demand for technical assistance on RPPI from non G20 countries, in particular from CIS and Asian countries, where estimation of rental and OOH markets remains a problem.
- Niall O’Hanlon (Ireland) highlighted the need to decouple RPPI from CPI statistics in order to discuss RPPI compilation issues in and of themselves. It should also lead to a reflection on how we support the system of price statistics (CPI/PPI/PPP, etc.) as a whole.

5 Commercial Property Price Indicators: progress and way forward

- Joachim Recktenwald (Eurostat) informed attendees that comments on a first draft of the CPPI handbook had been received. The view supported by the extended IWGPS is that a change in the basic direction of the text is needed in order to bring it conceptually in line with already existing manuals on price indexes.

- On 29-30 September, a dedicated workshop on key issues relating to the handbook will be held in Frankfurt, jointly organized by Eurostat and ECB. The feedback given at the workshop, in particular from the IWGPS, will be important for the further drafting process.
- A final draft is expected for early 2015, but this date is considered rather ambitious.
- ECB highlighted the importance of developing CPPIs as part of official statistics.

6 2015 Meeting of the Ottawa Group

- The next Ottawa Group meeting will be hosted by Statistics Japan, and will be held in Tokyo on May 20-23, 2015. Satoshi Imai gave an introduction at the end of the CPI meeting.
- A preliminary agenda containing topics to be discussed (e.g. scanner data, housing prices, multipurpose statistics and international comparability) will be available soon.
- The need to integrate discussions on PPIs has also been discussed, in particular on consistency between CPI and PPI, quality adjustment, and margin prices.
- Satoshi Imai also mentioned an option to organize a poster session for Asian Countries.

7 International harmonisation: needs and (im)possibilities (brainstorming discussion)

Because of time constraints, there was not much time left to discuss the topic of international harmonisation. The following points were mentioned, but not discussed more extensively:

- Integration of production processes (especially collection of data) for PPPs/CPIs – There may be a need to add something in the manual on integration of CPI collection within ICP program.
- Add elements on harmonization in the CPI manual, such as dedicated pages on what is desirable at an international level.
- From the IMF point of view, having more comparable price indices can be done by promoting best practices. The IMF has a certain preference for comparability rather than harmonization, in the sense that harmonization of e.g. methodologies should always take into account sources and specific circumstances at the country level.

20TH IWGPS MEETING, 29 MAY 2014, 14:00 - 16:00

1 Opening

The meeting was chaired by Peter van de Ven (OECD) with participation of institutional IWGPS members (see list above, Mick Silver (IMF) and Kim Zieschang (IMF) joined the second half of the meeting); Peter expressed his appreciation with the extended IWGPS meeting held with invited country representatives and experts.

2 Update of the 2004 CPI Manual

The three main following topics were discussed:

4. Main outcomes of the extended IWGPS:

- An update, not a complete overhaul or revision, of the 2004 CPI is needed;
- Balance between practice and theory is not yet clear;
- There is a need to take decisions on the timing and financing issues;
- The time frame is expected for 2-3 years

5. Content of the update of the 2004 CPI Manual:

- There is an agreement on the composition of a small group in charge of defining a draft list of issues by July, 15th; a final consolidated version of the list of issues should be available at the beginning of 2015.

6. Organisation of the update of the 2004 CPI Manual:

- Final agreement on the composition of the TEG will be discussed after the consolidated list of issues is better known;
- There were some initial discussion on possible editors and financing of the update;
- The outline and work plan need to be available at the beginning of 2015;
- Ideally a first draft of issues that may need an update should be available in autumn 2015, for country consultation.

3 Role of external experts in IWGPS-related matters

Peter expressed his satisfaction with the extended IWGPS meeting and raised the possibility to institutionalize this set-up. The formal IWGPS however remains limited to institutional members representing IOs.

Additionally, attendees discussed the opportunity to either establish the TEG for specific projects such as the updating of the CPI manual, or to have a more permanent group with a role of expertise and consultation for future research, implementation etc.

4 Other activities and plans (short presentations by each of the members)

- OECD: OECD Workshop on House Prices and publication of the new edition of the SPPI by the end of 2014;

- Eurostat: Workshop on OOH; regular transmission of RPPI; revision of legal framework for HICP;
- IMF: High demands for technical assistance; the issue of translation of the updated CPI manual and other guides.

5 Any other business

No other issues were discussed.