

Report of the 10th meeting in the Intersecretariat Working Group on Price Statistics 26 May 2009, Neuchatel

Participants:

Mick Silver (IMF), Paul Schreyer and Anne-Sophie Fraisse (OECD), Keith Hayes (Eurostat), Carsten Boldsen Hansen (UNECE), Bert Balk (Erasmus University, Statistics Netherlands), Erwin Diewert (University of British Columbia, Canada), Keith Woolford and Todd Evans (ABS), Corinne Becker (Federal Statistical Office, Switzerland) Daniel Griffiths (Statistics New Zealand), Marc Prud'Homme (Statistics Canada), Matt Berger (ONS), David Fenwick (UK).

Valentina Stoevska (ILO) and Yuri Dikhanov (World Bank) did not attend the meeting.

Agenda

1. Approval of the agenda
2. A Handbook on house price indices
3. The Supplementary Handbook on CPI compilation
4. The new XMPI Manual
5. Revisions of the CPI Manual
6. Revision of the PPI Manual
7. Core inflation; the possibility of developing the IMF working paper on core inflation measurement to a practical/supplementary handbook
8. The online IMF CPI/PPI processor software
9. International work and meetings:
 - a. The Ottawa Group – this and next meeting
 - b. The next joint UNECE/ILO meeting in 2010
 - c. Workshop on the CPI Handbook 14-15 August 2009, Durban
 - d. Short report from Friends of the Chair Group on Integrated Economic Statistics
10. Review of the Terms of Reference of the IWGPS
11. Next meeting of the IWGPS – where and when?
12. Other business

1. Approval of the agenda

The agenda was approved.

2. A Handbook on house price indices (HPIs)

The contract between Eurostat and Statistics Netherlands to undertake the drafting of the Handbook on residential property price indices has been signed. Work will be lead by **Statistics Netherlands** (Bert Balk and Jan de Haan) with Erwin Diewert, Marc Prud'Homme and David Fenwick as affiliated experts. **Bert Balk** informed the meeting that he expects an early draft to be ready in autumn 2009 and the final draft to be delivered after two years. The work process will include three main meetings:

- Autumn 2009, users meeting (provisionally, to be hosted by the Bank of International Settlements)
- May 2010, joint UNECE/ILO meeting on CPIs in Geneva
- 2011, a workshop before the end of the project

The contract restricts the scope of the Handbook to residential properties. It will be based on best practices and sound theory. Other forms of real estates may be a possible subject for further work. Drafts and the final version of the Handbook will be made available from Eurostat's webpage. Eurostat will consider whether to print a paper copy of the Handbook.

The existing Steering Group that oversees Eurostat's activities on owner-occupied housing, including the pilot study on implementation of the net-acquisition approach for the HICP, will also oversee the work with the Handbook.

UNECE said that the Handbook should also address problems and issues relevant for less statistically developed countries. **David Fenwick** replied that the survey of country practices that will be part of the Handbook will also include non-EU countries. **OECD** will provide their inventory of country practices to **Statistics Netherlands**. Eurostat and Statistics Netherlands will provide a progress report for the next IWGPS.

3. The Supplementary Handbook on CPI compilation

David Fenwick informed the meeting that the final ready-to-print draft would be ready within few days. The Handbook will be accompanied by a CD-Rom with instructive exercises and examples. The hope is to have the Handbook available for the CPI Workshop 14-15 August 2009 in Durban.

The formal signing off by the IWGPS member organisations, should take place as soon as possible. Organisations will also be asked to confirm that they are for their names and logos to be printed on the front cover of the publication. **UNECE** will be publishing the Handbook, which will be made available for free. **ILO** has agreed to investigate the possibility to translate the Handbook into French. There had been an encouraging response from contacts in South America for funds for a Spanish translation.

Action	Who	When
Circulate request for endorsement to IWGPS member organisations	Carsten/David	Asap.
Investigate possibilities to translate the Handbook into French	Valentina	Asap.

4. The new XMPI Manual

IMF reported on the work to have the XMPI Manual finalised. The Manual is expected to be available in 2-3 months time. It will be compatible with the 2008 SNA. IMF will offer the Manual for a price about 120 USD. The final proof version will be made available for free in electronic form from IMF's website www.imf.org/external/np/sta/tegeipi/index.htm

5. The revision of the CPI Manual

Almost all chapters have been revised and both the revised and original versions are available from ILO's website. Remaining issues are minor corrections of equations in

some chapters and minor updates in the chapter on sampling. **IMF** informed that the CPI Manual is available now also in Chinese and is being translated into Arabic.

Action	Who	When
Take contact to authors/reviewers to provide corrections/updates	Valentina	Before next IWGPS meeting

6. The revision of the PPI Manual

No work on revision of the electronic version of the PPI Manual has been undertaken. **IMF** said that work to translate the PPI Manual into Russian, Spanish and French has begun. However, the translation work, which is financed by the **IMF**, is substantial and resource demanding and will take some time. China plans to translate the PPI Manual into Chinese.

7. Core inflation handbook

IMF said they would be ready to be involved in the work of drafting a supplementary handbook on core inflation measurement in cooperation with other organisations. There is a considerable amount of existing materials on core inflation measurement that could be used. **OECD** said that they would also be ready to contribute to the work. **UNECE** found that there is a need for basic guidelines and recommendations in the area. The handbook should not be too prescriptive but also aim to prevent bad practices; an “authoritative” handbook on core inflation backed by the IWGPS members could be a helpful instrument for many countries. **Eurostat** found that it was still premature to decide whether a handbook should be produced, and underlined the lack of internationally agreed consensus in the area which, in their view, would make it difficult to provide recommendations.

It was concluded that the **IMF** would approach BIS and/or other organisations, to see if they would be interested in organising a seminar/conference on core inflation measurement, or co-organising such an event in co-operation with another organisation. The results of such a seminar might feed into a possible publication on the topic. In all cases, the IWGPS should come back to the issue at its next meeting.

Action	Who	When
Contact BIS to hear if they are willing to organize a seminar on core inflation	Mick	June 2009

8. The online IMF CPI/PPI processor software

The CPI/PPI software programme will not be maintained by the **IMF** in future. Instead **UNECE** has agreed to host the software (with open source-code) under licence on its website, although it will not be able to provide support to users of the programmes. Others, e.g. ILO may link to the material from their website.

IMF is currently working with updating/validating the software. The software uses Jevons for elementary indices while higher-level indices can be calculated as arithmetic or geometric expenditure weighted averages. It would be useful with a web-based discussion forum that would provide the users to exchange views and experiences. However, no one could agree to create and maintain such a Forum.

9. International work and meetings

a) The Ottawa Group – this and next meeting

Keith Woolford will hand over his membership to be decided by Statistics Canada (Louis-Marc Ducharme). Until a permanent replacement has been found, Todd Evans (ABS) will take over the responsibilities from Keith. ABS also agreed to continue to host and maintain the website of the Ottawa Group. The next meeting will be in New Zealand in 2011.

b) The next joint UNECE/ILO meeting in 2010

The next joint CPI meeting is planned to take place in May 2010, subject to the availability of meeting rooms and interpretation service.

UNECE said that the intention was to have a 1+2 days meeting where the first day would be devoted to a number of workshops on practical and implementation issues, while the last two days would take place in the more traditional form with presentations and discussions of papers. The topics proposed for the agenda at the 2008 joint CPI meeting are: House price indices; User relations and how to meet user needs; Quality adjustment for services; CPI and globalization; and System of price indices.

The purpose of the workshops is to have a more interactive meeting and to address practical problems and issues that countries have reported, e.g. in the survey on the CPI Manual in 2007 (available from www.unece.org/stats/documents/2008.05.cpi2.htm). The topics of the workshops will be communicated before the Joint CPI meeting and participants will be asked to sign-up for the workshops in advance. However, the organization of workshops relies on experts from NSOs to volunteer to lead the workshops. UNECE and ILO will soon start to prepare the meeting and will contact NSO to lead the workshops.

c) Workshop on the CPI Handbook 14-15 August 2009, Durban

David Fenwick provided a short report on the planned CPI meeting in conjunction with the ISI conference August 2009 in Durban. The workshop will be based on the new Handbook on CPI compilation. Participation of CPI compilers from African NSOs has been ensured through funding from the African Development Bank, but other funding issues remains to be solved. The NSO of South Africa may organize a training seminar for their staff based on the CPI Handbook.

d) Short report from Friends of the Chair Group on Integrated Economic Statistics

UNECE informed briefly about the work in the Friends of the Chair Group. UNECE will report to the IWGPS as work progresses.

To further improve the coordination of international work in price statistics it was agreed that a representative of the Voorburg Group should be invited to attend future IWGPS meetings, meetings in the Ottawa Group and the joint UNECE/ILO meetings.

Action	Who	When
Inform the Bureau of the Voorburg Group about the discussion in the IWGPS and invite the Group to attend future meetings	Carsten	June 2009

10. Review of the Terms of Reference of the IWGPS

There was agreement to have the TOR updated. The present TOR dates back to 2005 and needs be updated and more weight should be put on the coordination role of the group.

There was also general agreement that the IWGPS should be more proactive and e.g. address new and upcoming issues and express its view on the importance and priority of issues and problems within price statistics. It was also suggested by the IMF that the IWGPS could act to provide recommendations in the field of price statistics. As one example, the CPI and PPI manuals on a number of issues leave it to the NSO to decide what method to apply in their compilation practice. However, there may be a need to be more prescriptive and provide clearer guidance in order to harmonise practices and improve international comparability.

At current there is no mechanism to publish new, approved recommendations. Thus the IWGPS should consider establishing a procedure to approve and publish recommendations.

Eurostat, in cooperation with UNECE, agreed to draft a proposal for revised TOR to be submitted to the UNSC in February 2010. This means that the proposal needs to be finalized in November 2009. **UNECE** agreed to draft a discussion paper on the issue of establishing a procedure for the IWGPS to approve and publish recommendations to facilitate further discussions and, if possible, decisions at the next IWGPS.

Action	Who	When
Draft proposal for revised TOR to be submitted to the UNSC 2010	Keith/Carsten	September 2009
Discussion paper on procedure to approve and publish recommendations of the IWGPS	Carsten	September 2009

11. Next meeting of the IWGPS – where and when?

It was agreed to have the next IWGPS meeting back-to-back with the joint UNECE/ILO meeting scheduled for May 2009.

10. Other business

No issues were raised under this item.