

## **Report of the 11<sup>th</sup> meeting in the Intersecretariat Working Group on Price Statistics 11 May 2010, UNECE, Geneva**

### **Participants:**

Kim Zieschang (IMF), Anne-Sophie Fraisse (OECD), Alexandre Makaronidis and Keith Hayes (Eurostat), Valentina Stoevska (ILO), Carsten Boldsen Hansen (UNECE), Bert Balk (Erasmus University and Statistics Netherlands), Erwin Diewert (University of British Columbia, Canada), Corinne Becker (Federal Statistical Office, Switzerland) Daniel Griffiths (Statistics New Zealand), Marc Prud'Homme (Statistics Canada), Matt Berger (ONS), David Fenwick (UK) and Paul Armknecht (CARTAC/IMF).

The World Bank did not attend the meeting.

### **Agenda:**

1. Approval of the agenda
2. Review of the Terms of Reference of the IWGPS
3. Procedures for producing recommendations
4. Report of work on the Handbook on Residential Property Price Indices
5. The Supplementary Handbook on CPI compilation - status
6. The new XMPI Manual
7. Revisions of the CPI Manual
8. Revision of the PPI Manual
9. Publication on core inflation? Follow-up on previous meeting's discussion
10. The online IMF CPI/PPI processor software
11. International work and meetings:
  - (a) Report from the Voorburg Group
  - (b) Report from the Ottawa Group
  - (c) The next joint UNECE/ILO meeting in 2012
12. Next meeting of the IWGPS – where and when?
13. Other business

### **Ad 1. Approval of the agenda**

The agenda was approved. The meeting only covered agenda items 1-10. **UNECE** will organize a teleconference later in May or in June to cover the remaining items and to have a second round of discussion of the revised Terms of Reference.

### **Ad 2. – Ad 3. Review of the Terms of Reference of the IWGPS and Procedures for producing recommendations**

The IWGPS discussed a draft proposal for revised terms of references (TOR) prepared by **Eurostat** and **UNECE** and with suggestions from **IMF** incorporated. There was general support to the draft with the following modifications:

- a) Para 2f) should be reworded to explain better the context and the objective (**Kim** indicated he would try to come up with a proposal)

- b) The first sentence in para 8 should read: “The IWGPS shall provide guidance by e.g. developing and maintaining new and existing manuals or handbooks on price statistics, taking into account:”
- c) The proposed procedures for production and publication of manuals and handbooks should be included as an annex to the TOR
- d) It was agreed to use *approved* by the IWGPS (rather than agreed or endorsed) in the procedures for production and publication

**IMF** suggested to consider whether the IWGPS should come up with a *research agenda* (and if this should be included in the TOR). While some thought this could be useful, not all agreed to the idea – some did not see the need for such a list, others thought it would be too prescriptive. No decision was taken but the IWGPS may come back to this at a future meeting for a more thorough discussion.

**Eurostat** suggested that the IWGPS should establish a *work programme*. No decision was made and the IWGPS may also wish to come back to this in a future meeting.

It was briefly discussed if the IWGPS could submit guidance in other forms than manuals or handbooks, for example by papers on specific topics that could be uploaded to the IWGPS website. However, it was felt that such papers would lack the legitimacy of having been consulted with users (statistical offices) for which reason this was not considered the right way forward.

**UNECE** will incorporate the comments made to the draft TOR and circulate a revised proposal to the IWGPS members with the aim to have the proposal finalized in due time to be attached to the regular IWGPS report to the UNSC in February 2011.

#### **Ad 4. Report of work on the Handbook on Residential Property Price Indices**

**Bert Balk** provided a short progress report to the IWGPS. The following comments were made:

**ILO** suggested testing Erwin Diewert’s model in developing/transition economies to see how it would work under conditions of lack of (complete) data sources etc.

It was mentioned that an OECD paper on hedonics might be useful to refer to.

**UNECE** said that the RPPI team should include one or two country studies from the eastern part of the ECE region (the CIS countries) to ensure that the particular problems of transition economies are addressed.

**IMF** said that the RPPI handbook should be based on the national accounts framework.

**Eurostat** explained that the ECB is following the RPPI work closely. Eurostat also said that the comments made at the Basel meeting in November 2009 should be taken into account, including having a global perspective and addressing also the needs in developing and transition economies. The RPPI handbook should cover the whole range of RPPIs and different uses of RPPIs and not be restricted to serve one purpose, e.g. the national accounts.

**IMF** said that the RPPI handbook should be based on the national accounts framework and did not believe that this would restrict the handbook from addressing other issues or needs.

In November 2009 the G-20 finance ministers' and central bank governors endorsed 20 recommendations to address information gaps described in the report "*The Financial Crisis and Information Gaps*" prepared by the Financial Stability Board (FSB) Secretariat and IMF staff. They requested the FSB Secretariat and the IMF staff to report back by June 2010 with a concrete plan of action, including a timetable, to address each of the outstanding recommendations in the report. As a result of this the IWGPS may be asked to consider the need to improve commercial real estate price information, given its importance for financial stability analysis.

#### **5. The Supplementary Handbook on CPI compilation - status**

The *Practical Guide to Producing Consumer Price Indices. A supplementary Handbook to the Consumer Price Index Manual* was published in October 2009 and has been distributed to national statistical offices and organisations. It is currently being translated into French and Spanish by the IMF.

#### **6. The new XMPI Manual**

The *Export and Import Price Index Manual. Theory and Practice* was published in December 2009. No decision concerning a possible translation of the manual has been made.

#### **7. Revisions of the CPI Manual**

**Valentina** will provide a list of corrections to be made to **Erwin**. Erwin indicated that chapters on elementary indices, seasonal products and user cost for housing need to be revised.

#### **8. Revisions of the PPI Manual**

**Kim** said that the weighting chapter need be updated and brought into line with the national accounts framework. IMF will consider undertaking this when resources are available.

#### **9. Publication on core inflation? Follow-up on previous meeting's discussion**

Since the previous meeting **IMF** has consulted with the BIS who was not interested in organising a seminar on core inflation measurement, the main argument being that there is still a lack of consensus in this field of price statistics. On this basis the IWGPS agreed to leave the question of a publication on core inflation aside for the time being.

#### **10. The online IMF CPI/PPI processor software**

Since October 2009 the IMF Price Index Processor Software (PIPS) for calculation of CPIs and PPIs has been available online from UNECE's website and a discussion forum has been created. **Paul Armknecht** informed about the PIPS. He mentioned that it runs on an ACCESS database, but that there are attempts to convert it to run on an SQL Express database, which can be downloaded for free and runs faster than ACCESS.

## **Report of the teleconference of the Intersecretariat Working Group on Price Statistics 8 June 2010**

### **Participants:**

Mick Silver (IMF), Anne-Sophie Fraise (OECD), Alexandre Makaronidis and Keith Hayes (Eurostat), Valentina Stoevska (ILO), Carsten Boldsen Hansen (UNECE), Bert Balk (Erasmus University and Statistics Netherlands), Marc Prud'Homme (Statistics Canada), Matt Berger (ONS) and Paul Armknecht (CARTAC/IMF).

Excuse from the World Bank, Erwin Diewert, Corinne Becker, Daniel Griffiths and David Fenwick.

### **Agenda:**

14. Review of the Terms of Reference of the IWGPS
15. International work and meetings:
  - (a) Report from the Voorburg Group
  - (b) Report from the Ottawa Group
  - (c) The next joint UNECE/ILO meeting in 2012
16. Next meeting of the IWGPS – where and when?
17. Other business

### **Ad 1. Review of the Terms of Reference of the IWGPS**

The draft TOR from the IWGPS meeting 11 May was discussed. With some improvements of the wording suggested by **Valentina, Mick, Bert, Paul** and others the IWGPS agreed on the draft. The following formulation of para 2f) was agreed:

“To support the development of a framework for price statistics to explain the links between various price indices and between price indices and other relevant economic and labour statistics. One particularly important framework is the SNA that provides an integrated and coherent system of economic statistics.”

The IWGPS felt it would be useful with coordination of activities with the ICP. The need to explore possible benefits from coordinating/integrating the regular work on CPIs in statistical offices with the work related to the ICP has been raised on several occasions, including the joint UNECE/ILO CPI meetings in 2008 and 2010, where it was brought up by both developing and developed countries, and it was suggested as a possible topic for the joint CPI meeting in 2012. In addition there is some overlap of organisations and experts attending the ICP Executive Board and Technical Advisory Group and the IWGPS, which should help to coordinate efforts and activities.

After the teleconference, the **World Bank** by email agreed to have a reference to the ICP included in para 2e), so that it reads: “To coordinate discussions of price index methodology at the international level, in particular that in the Ottawa Group on Price Indices and the joint UNECE/ILO meetings on Consumer Price Indices, and to ensure the

necessary linkages with other relevant work, such as the International Comparison Program (ICP) and the Voorburg Group on services statistics;”

The revised TOR is attached. Any comments should be send to **Carsten** before the end of June. The proposal will then be finalized and included in the report of the IWGPS to be submitted to the UNSC 22-25 February 2011.

## **2. International work and meetings:**

### **a) Report from the Voorburg Group**

**Matt** informed the IWGPS of the functioning and activities of the Voorburg Group on Services Statistics, established in 1986. The main purpose of the group is to be an informal forum for the exchange of views on service statistics. As a result of these exchanges, national statistical agencies and international organizations may be assisted in, or directed towards the solution of particular problems or the development of international guidelines or handbooks in the field of service sector statistics.

The Voorburg Group tries to identify areas where development is needed. For such areas, the group invites three papers on turnover statistics, and three papers on services producer price indices (SPPIs). The group also works with *mini-papers* - papers on country specific practice, for a given industry, on either SPPI's or turnover and with *sector papers* - papers pulling together different practices for both SPPI and turnover, with recommendations for how agencies should approach development of measures in these areas. The Voorburg Group has a substantial amount of papers and materials on its website, [www.voorburggroup.org/english/voorburg/](http://www.voorburggroup.org/english/voorburg/)

The following ways to coordinate work and exploit synergies were suggested:

- The Voorburg Group may ask the IWGPS or the Ottawa Group for advice or inputs on price measurement issues, and vice-versa.
- When the Voorburg Group or the Ottawa Group meets, they should ensure that relevant information of activities of the other group is communicated.
- The Groups on their website should provide link to the other group's website.
- Both groups may invite experts from the other when this is found useful.

As concrete examples of areas of common interest aligning with the SNA, accommodation and the treatment of passenger transport were mentioned.

### **b) Report from the Ottawa Group**

The next Ottawa Group meeting will be in late April/early May 2011. Statistics New Zealand will confirm the dates soon. The agenda will cover:

- Scanner data: issues, methods, practice
- Price measurement for “difficult to measure” products and services
- Housing and residential property price indexes
- Developments in weighting and calculation methodology
- Intra/Inter-national comparisons and international comparability

Details of the above will be communicated on the website for the 12<sup>th</sup> Meeting: [www.stats.govt.nz/OttawaGroup2011](http://www.stats.govt.nz/OttawaGroup2011), which will be launched soon.

### **c) Report from the joint UNECE/ILO meeting on CPIs**

The meeting of Experts on Consumer Price Indices in Geneva 10-12 May was well attended with many participants also from Africa, Latin America and Asia. The workshops organized by experts from ECE member countries and Eurostat were successful and provided useful experiences for future work. The participants of the joint CPI meeting suggested the following agenda items for a possible joint UNECE/ILO meeting on CPIs in 2012 (subject to the approval of the Bureau of the Conference of European Statisticians):

- House price Indices
  - The Handbook on Residential Property Price Indices
  - Other issues on housing in the CPI
- System of price indices
  - Integrating CPI and ICP/PPP; multi-purposes CPI
  - COICOP – in CPI, PPP, HBS & NA; update and harmonization?
  - CPI and the national accounts
  - Harmonised CPIs
- Price collection methods
  - Scanner data, electronic reporting and other ways of price collection
- Quality adjustment for services
  - Price and volume measurement for services
  - Financial services, health, transport, insurance and telecommunication
- Flash estimates and revisable estimates
- Sources of weighting data

### **3. Next meeting of the IWGPS – where and when?**

The next possibilities for face to face meetings will be in Den Haag in the Netherlands, back to back with the meeting on the RPPI Handbook on 10-14 February 2011, or in connection with the Ottawa Group meeting in April/May next year. It was agreed that the IWGPS will come back to this later; it may also depend on how many of the IWGPS members will attend these meetings. The IWGPS can always decide to have a teleconference or deal with issues by e-mail.

### **4. Other Business**

One of the G-20 recommendations on information gaps (see Report of IWGPS meeting 11 May 2010) concerns lack of commercial real estate price statistics. **Mick** suggested that the IWGPS should include the issue on its next meeting(s), which was agreed.

As from the UNSC in February 2011 **Eurostat** will take over the chair and the secretariat of the IWGPS from UNECE.