



Economic and Social Council

Distr.: General
12 December 2022

Original: English

Statistical Commission

Fifty-fourth session

28 February–3 March 2023

Item 4 (a) of the provisional agenda*

Items for decision: price statistics

Ottawa Group on Price Indices

Note by the Secretary-General

In accordance with Economic and Social Council decision 2022/324 and past practices, the Secretary-General has the honour to transmit the report of the Ottawa Group on Price Indices to the Statistical Commission. In the present report, the Ottawa Group provides an overview of the outcome of its most recent meeting, held in Rome in June 2022. At the meeting, discussions were held on key areas in consumer price index compilation, including the utilization of new data sources for measuring inflation, cost of living and housing. The report also includes a proposal for updated terms of reference of the Group. The terms of reference outline the objectives and activities of the Group, the organization of work and the membership of the steering committee of the Group.

The Commission is invited to comment on the work of the Ottawa Group and to endorse the proposed updated terms of reference.

* E/CN.3/2023/1.



Report of the Ottawa Group on Price Indices

I. Introduction

1. The International Working Group on Price Indices, known as the “Ottawa Group on Price Indices”, was formed in 1994 to provide a forum for specialist academics and practitioners to share their experiences and knowledge and discuss research on crucial problems relating to the measurement of price change. While theoretical issues are covered in the discussions, the Group focuses primarily on applied research, in particular, but not exclusively, in the area of consumer price indices. The Group examines concepts, methods and procedures in the context of realistic operational environments, supported by examples whenever possible. Participants are specialists and practitioners who work for or advise statistical agencies in countries or international organizations. The Group meets every second year, alternating with the biennial meetings of the Group of Experts on Consumer Price Indices, which are jointly organized by the Economic Commission for Europe and the International Labour Organization.

2. The steering committee of the Ottawa Group ensures the continuity and evolution of the Group’s activities. The committee coordinates with other international groups and activities on price statistics, such as the Intersecretariat Working Group on Price Statistics and the Group of Experts on Consumer Price Indices. The committee currently comprises representatives of national statistical offices and international organizations, academics and independent experts in price statistics. The membership of the committee is reviewed periodically to ensure broad regional representation and continuity of work. The representative of the Australian Bureau of Statistics currently serves as the Executive Secretary of the Group.

3. The Ottawa Group benefits from the active participation of experts and practitioners from statistical offices and leading researchers, who facilitate progress in both the academic and practitioner communities. The Group encourages participation of experts from statistical offices around the world to facilitate broad regional participation. This allows countries with less developed statistical systems the opportunity to interact with and learn from more statistically developed countries, enabling them to improve the statistical systems in their region. The Group’s meetings are attended by representatives from countries in North America and South America, Europe, Asia and the Pacific and Africa.

4. The proceedings of the Ottawa Group meetings and additional information about the Group are available from the Group’s website (www.ottawagroup.org).

II. Recent activities and meetings

5. Since its previous report to the Statistical Commission (E/CN.3/2020/31), the Ottawa Group has co-organized a series of webinars on producing consumer price indices under lockdown conditions. The webinars were conducted in October and November 2020. The Group held its regular meeting in Rome in June 2022.

A. Series of webinars on producing consumer price indices under lockdown, October and November 2020

6. The Ottawa Group, in cooperation with the Expert Group on Consumer Price Indices, organized a series of webinars in October and November 2020 to discuss the production of consumer price indices under the lockdowns associated with the

coronavirus disease (COVID-19) pandemic and for index compilers to share experiences. At the webinars, participants discussed theoretical and methodological challenges and best practices in data collection, imputation methods and communication under lockdown conditions. The webinars, which attracted global interest, were based on presentations by country experts, international organizations and researchers.¹

7. The webinars provided input into the publication entitled *Guide on Producing CPI under Lockdown*, issued by the Economic Commission for Europe. The guide provides recommendations and emerging best practices for consumer price index data collection, calculation methods and communication under lockdown conditions.

B. Ottawa Group meeting in Rome, June 2022

8. The Ottawa Group met from 7 to 10 June 2022, in Rome. The meeting had been scheduled to be held in 2021 but was postponed due to the COVID-19 pandemic. The Group has now met 17 times, the most recent meeting having been jointly hosted by the Italian National Institute of Statistics and the Bank of Italy.

9. The meeting was organized as a hybrid meeting. Around 60 people attended in person and up to 100 people attended each online session. The hybrid format was successful and increased participation through the online option, while participants also benefited from meeting in person. Due to the online participation, it was decided not to hold poster sessions, which have been a feature of previous meetings.

10. As in previous meetings, fundamental challenges in price measurement remained the focus. The papers and presentations addressed the following topics: pricing of seasonal products, quality adjustment and hedonic methods, multilateral index methods and challenges of exploiting and integrating new data sources into the production of consumer price indices, including web prices, scanner data and administrative data. Discussions focused on the theoretical and methodological considerations of each topic and the practical implementation of theories and methods in the context of national statistical offices. In total, there were 32 presentations, including a keynote speech by the Chief Statistician and Director of the Organisation for Economic Co-operation and Development Statistics and Data Directorate, Paul Schreyer.

11. As a general theme, participants at the meeting continued to place emphasis on the use of new data sources and the possibilities and challenges that they present to index compilation methods and procedures in national statistical offices. The Ottawa Group focuses on taking forward state-of-the-art ideas, and the meeting participants presented practical and theory-based ways to overcome challenges. New and innovative ideas discussed included compiling indices using web-scraped data and transaction data from scanner data. The full report of the meeting provides a summary of the key points that emerged from each session and feedback from participants. It is available as a background document and on the Group's website.

12. The proceedings of the meeting in Rome and earlier meetings of the Group can be found on the Group's website.²

¹ For more information see <https://unece.org/statistics/events/webinars-producing-cpi-under-lockdown>.

² See www.ottawagroup.org/Ottawa/ottawagroup.nsf/home/Meetings.

Next meeting

13. The next meeting, to be held in Ottawa in 2024, will be hosted by Statistics Canada. The steering committee will consult with the Intersecretariat Working Group on Price Statistics and the Group of Experts on Consumer Price Indices to ensure the appropriate coordination of meeting agendas.

III. Proposal for updated terms of reference

14. The proposed updated terms of reference are provided in the annex to the present report. The terms of reference outline the objectives and activities of the Ottawa Group, the organization of work and the membership of the steering committee of the Group.

IV. Contact point

15. The contact point for the Ottawa Group is:

Leigh Merrington
Director, Consumer Price Index
Australian Bureau of Statistics
Locked Bag 10, Belconnen ACT 2616
Australia
Telephone: +61 2 6252 6833
Email: leigh.merrington@abs.gov.au

V. Action to be taken by the Statistical Commission

16. **The Commission is invited to comment on the work of the Ottawa Group and to endorse the proposed updated terms of reference.**

Annex

Terms of reference of the Ottawa Group on Price Indices

I. Background

1. The Ottawa Group on Price Indices is a city group under the Statistical Commission, established in 1994. The Group provides an international forum for price index experts in national statistical offices, international organizations and researchers to share experiences and thoughts on price indices. The Group is mainly concerned with the consumer price index (CPI) but also discusses other price indices and issues that are relevant to price statistics in general.

2. The Ottawa Group discusses conceptual, methodological and practical issues in relation to price indices. Without avoiding theoretical aspects, the focus is on applied research and the development of good practices. The Group identifies emerging issues in price statistics and examines concepts, methods and procedures in the context of realistic operational environments, supported by practical examples when possible.

II. Consumer price index

3. CPI is a widely known statistical measure and is used for different purposes. It is used as a proxy of general price inflation and has become a key macroeconomic indicator used for economic and monetary policymaking. In many countries, CPI is also used for indexation of wages, social security benefits and pensions to adjust for the effects of price changes. It is also common to use CPI for indexation of rents and private contracts. CPI, therefore, has wide-ranging financial implications for Governments and businesses, as well as for households. CPI is also used as an input in other statistics, for instance for deflation of household final consumption expenditure in the national accounts, in the calculation of purchasing power parities between benchmark years and in global poverty measurement.

4. The widespread use of CPI places high demand on its quality and raises a range of conceptual, methodological and practical challenges. The Ottawa Group discusses these challenges in relation to all steps of the production of CPI, from data collection and use of various data sources over data processing and index calculation to the dissemination of CPI. The Group also discuss emerging issues and how to respond to these, for instance in relation to the use of big data, the development of the digital economy which raises new measurement challenges and opportunities, and the role of CPI in measuring well-being.

III. Objectives of the Ottawa Group

5. The overall objective of the Ottawa Group is to support the development and implementation of sound methods and good practices in national statistical offices for the compilation of consumer price indices. To this end, the Ottawa Group:

- (a) Provides a forum for sharing research and practical experiences in the area of CPI and other price indices;
- (b) Discusses and clarifies conceptual issues and supports the development of methods and best practices related to CPIs;

(c) Follows up on topics of the CPI research agenda of the *Consumer Price Index Manual: Concepts and Methods* and identifies emerging issues in relation to the production and uses of CPIs.

6. The Ottawa Group discusses topics which have direct or indirect effects on different areas of economic statistics. When relevant, experts from these areas may be invited to contribute to the work of the Group.

7. The Ottawa Group facilitates exchange of experiences and new developments at an advanced level. However, being a global forum, the Group also addresses the needs and interests of countries with less developed statistical systems.

IV. Activities and outputs of the Ottawa Group

8. The main activity of the Ottawa Group is the organization of the biennial meetings that attract price index experts from national statistical offices, international organizations, academia and research institutions. From 1984 until 2007, meetings were organized usually every 18 months. Since 2007, the Group has met every second year, alternating with the biennial meetings of the Economic Commission for Europe (ECE) Expert Group on Consumer Price Indices, organized jointly by ECE and the International Labour Organization.

9. The most visible outputs of the Ottawa Group are the papers and presentations submitted to and discussed at the meetings. The reports of the meetings aim to identify emerging issues and recommendations of sound methods and good practices in producing CPIs. The proceedings of the meetings are targeted at price index experts but senior managers in statistical offices, researchers and users of CPI may also find the proceedings useful. The Ottawa Group also contributes to the development of the *Consumer Price Index Manual* that contains comprehensive information and explanations on compiling a consumer price index.

10. The proceedings of the Ottawa Group meetings are available from the Group's website (<http://www.ottawagroup.org>). The website includes additional information about the work of the Group and contact information.

V. Organization of the Ottawa Group meetings

11. Participation in the meetings of the Ottawa Group is on a voluntary basis. Participants, including experts and researchers, can attend the meeting of the Ottawa Group, and their views will not necessarily represent the official position of their respective countries or organizations.

12. Any country can ask to participate in the Ottawa Group meetings. Participants, however, are expected to contribute actively to the programme of the meetings. Participants in the meetings of the Group are expected to cover their own costs for travel and accommodation.

13. Organizations hosting a meeting of the Ottawa Group are expected to provide a suitable venue for the meeting. The hosting organization participates in the preparation of the agenda of the meeting and drafts the invitation letter and call for papers in consultation with the steering committee and arranges for the collection of papers and presentations. The hosting organization sends out the invitation letter and the call for papers.

14. Based on the received offers of papers and presentations, the hosting country, in cooperation with the steering committee, ensures the organization of the meeting into topic-based sessions. While session chairs will usually be asked to produce a

summary of the discussions and conclusions reached during the sessions, the host organization is responsible for drafting the final report of the meeting.

VI. Steering committee of the Ottawa Group

Tasks of the steering committee

15. The steering committee ensures the continuity and progress of the Ottawa Group's activities and the coordination with other international activities on price statistics, such as the Intersecretariat Working Group on Price Statistics and the ECE Expert Group on Consumer Price Indices.

16. The steering committee:

(a) Assists the hosts of Ottawa Group meetings in preparing the meetings, including the selection of topics, drafting of invitation letters and call for papers and the selection of papers for presentation;

(b) Promotes and disseminates the outputs of the Ottawa Group;

(c) Identifies and follows up on emerging issues and user needs in price indices;

(d) Ensures coordination and cooperation with relevant international initiatives and organizations.

17. The steering committee aims to meet in conjunction with the Ottawa Group meetings and the meetings of the ECE Expert Group on Consumer Price Indices. Other communication takes place through email exchanges or via audioconferences or videoconferences.

18. The Ottawa Group carries out its activities within the terms of reference endorsed by the Statistical Commission. The steering committee reports on the work of the Ottawa Group to the Statistical Commission every second year.

19. The scheduling of the Ottawa Group meetings and the selection of agenda topics are coordinated with the Intersecretariat Working Group on Price Statistics and the ECE Expert Group on Consumer Price Indices.

20. The Secretariat of the Ottawa Group maintains the Group's website and prepares the reports of the Group to the Statistical Commission in consultation with the steering committee. The Secretariat also confirms, on behalf of the steering committee, agreements with organizations for the hosting of Ottawa Group meetings.

Membership of the steering committee

21. The steering committee comprises experts from national statistical offices and international organizations, other experts and researchers and the host organizations of the previous and upcoming meeting of the Ottawa Group.

22. The steering committee regularly reviews the membership of the Committee.

23. The steering committee is open to participation from interested and committed organizations and may invite experts from national statistical offices, academia and international organizations to contribute to its work programme.