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Items for information: Ottawa Group on Price Indices

Report of the Ottawa Group on Price Indices

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-second session (see E/2011/24, chap. I.A), the Secretary-General has the honour to transmit the report of the Ottawa Group on Price Indices, which is submitted to the Commission for information. The Commission is requested to take note of the report.

* E/CN.3/2012/1.



Report of the Ottawa Group on Price Indices

I. Purpose and organization of the Ottawa Group

1. The International Working Group on Price Indices, known as the “Ottawa Group”, was formed in 1994 to provide a forum for specialists to share their experiences and knowledge and discuss research on crucial problems related to the measurement of price change. While theoretical issues are covered in the discussions, the Group focuses primarily on applied research, particularly, though not exclusively, in the area of consumer price indices. The Group examines advantages and disadvantages of various concepts, methods and procedures in the context of realistic operational environments, supported by concrete examples whenever possible. Participants are specialists and practitioners who work for or advise statistical agencies in different countries or international organizations. The Group initially met annually but now meets every other year, alternating with the joint consumer price index meetings of the Economic Commission for Europe (ECE) and the International Labour Organization (ILO).

2. The Group has a steering committee that ensures both the continuity and evolution of its activities. The steering committee comprises representatives of the agencies that host the Group’s recent or upcoming meetings, together with others agreed to by the membership from time to time. A representative of the Australian Bureau of Statistics currently serves as Executive Secretary.

3. Meetings of the Group are divided into sessions, each devoted to one clearly defined topic, with a designated moderator who is also responsible for producing a summary of the discussions and noting any recommendations.

4. The host agency provides facilities for the meetings and arranges for the compilation of the proceedings, the papers presented and the most important elements of the discussions. The compilation also includes the Group’s recommendations, when a clear consensus emerges from the discussion, or, if this is not the case, a summary of the varying opinions with a balanced commentary.

5. Copies of the proceedings and information about the Ottawa Group are available from the Group’s website (www.ottawagroup.org). The agency providing secretariat services (currently the Australian Bureau of Statistics) is responsible for maintaining the website. The steering committee may also decide to edit and periodically release compendiums on selected topics whenever it is warranted by the status of available materials.

6. Researchers working for or advising national statistical offices have attended Group meetings. Among the countries represented are Australia, Austria, Brazil, Canada, Chile, China, Denmark, Finland, France, Germany, Iceland, Indonesia, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, the Republic of Korea, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, the United Kingdom of Great Britain and Northern Ireland and the United States of America. Representatives from international organizations such as Eurostat, the Statistics Department of the International Monetary Fund, ILO, ECE, the European Central Bank and the Organization for Economic Cooperation and Development have also attended.

II. Meetings

7. The Group has met on 12 occasions:
 - Ottawa, 31 October-3 November 1994
 - Stockholm, 15-17 November 1995
 - Voorburg, the Netherlands, 16-18 April 1997
 - Washington, D.C., 22-24 April 1998
 - Reykjavik, 25-27 August 1999
 - Canberra, 16-21 April 2001
 - Paris, 27-29 May 2003
 - Helsinki, 23-25 August 2004
 - London, 14-16 May 2006
 - Ottawa, 10-12 October 2007
 - Neuchâtel, Switzerland, 27-29 May 2009
 - Wellington, New Zealand, 4-6 May 2011.
8. The next meeting of the Group is scheduled to be held in Copenhagen in May 2013.

III. Recent activities

9. Since it last reported to the Statistical Commission, in 2010 (see E/CN.3/2010/25), the Group has met once, in May 2011, in Wellington.
10. Fundamental problems of price measurement, particularly at the micro level, continued to be raised at recent meetings. At the most recent meeting, the Group also considered issues such as housing and residential property price indices, new developments in calculation and weighting methodologies, developments in the use of scanner data, the intra- and international comparability of price indices and international comparisons. The Group continues to focus on the use of different techniques and procedures for dealing with changes in product quality (especially hedonic methods), increasingly complex pricing schemes (for example, discounts associated with the bundling of telephone, Internet access and cable television services) and the impact of new technologies. Sessions have been devoted to especially difficult areas for price index construction, such as financial and insurance services, health-care services, telecommunications services and housing.
11. At the Wellington meeting, the Group acknowledged the significant achievement of the Intersecretariat Working Group on Price Statistics in the ongoing work on international manuals on price indices. In particular, the Group discussed the final draft of the *Handbook on Residential Property Price Indices*. The view of the Intersecretariat Working Group that these manuals (particularly the electronic versions) should be seen as “living documents” continues to be strongly supported by the Ottawa Group. In discussing papers at Ottawa Group meetings, participants

now seek to identify any advice concerning the manuals that might be passed on to the Intersecretariat Working Group for its consideration.

12. The Ottawa Group steering committee concurs with the descriptions developed by the Intersecretariat Working Group (see annex) of the respective roles of the Intersecretariat Working Group, the Ottawa Group and the joint ECE/ILO consumer price index meetings. The Ottawa Group steering committee consults with members of the Intersecretariat Working Group and organizers of the joint ECE/ILO consumer price index meetings to ensure the appropriate coordination of meeting agendas.

13. The point of contact for the Ottawa Group is:

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Annex

Roles of the joint Economic Commission for Europe/International Labour Organization consumer price index meetings, the Ottawa Group and the Intersecretariat Working Group on Price Statistics

Joint Economic Commission for Europe/International Labour Organization consumer price index meetings

1. The joint Economic Commission for Europe (ECE)/International Labour Organization (ILO) consumer price index meetings provide a unique opportunity for national experts to exchange views and experiences in the area of price statistics and to identify good practices. The joint meetings are the only intergovernmental meetings on consumer price indices at a geographical level broader than that of the European Union. Moreover, they offer an important forum for the Intersecretariat Working Group on Price Statistics to discuss issues related to consumer price indices. The outcomes of the joint meetings are reported to the ILO Bureau of Statistics and the Conference of European Statisticians.
2. At the meetings, participants focus on issues that are directly relevant to the compilation of consumer price indices in national statistical offices. All steps of the compilation process, namely, the collection, processing and dissemination of data, are discussed, as are resource-related and organizational issues. Meetings are usually held every other year.
3. The meetings aim to foster discussion and make recommendations on good practices that can be implemented by statistical offices. The agenda is demand-driven in the sense that the organizing committee decides the items of the provisional agenda on the basis of proposals made by the country representatives at the joint meetings.
4. The joint meetings have been an important forum for the work on the international consumer price indices manual published in 2004 and for receiving feedback from countries on the revision of the electronic version of the manual.
5. In addition to discussing substantial topics at the meetings, participants in the most recent meeting, in May 2010, discussed the initial draft of the *Handbook on Residential Property Price Indices* and sought feedback. That meeting was preceded by a series of workshops covering topics on scanner data, harmonized consumer price indices, quality adjustment and seasonal products, and financial services.
6. The joint meetings are attended by between 80 and 100 participants, including experts from the national statistical offices of ECE member States and representatives of national statistical offices in Asia, Arabic-speaking countries, Africa and South America invited by ILO. Experts from other international organizations (the International Monetary Fund, the Organization for Economic Cooperation and Development, ILO and Eurostat) also attend the meetings, as do representatives from central banks, for example the European Central Bank, representing a main-user perspective. Some members of the Ottawa Group and the Intersecretariat Working Group also attend the meetings.

7. The joint meetings also provide a forum for conveying information to the Intersecretariat Working Group and other international bodies about activities, problems and needs in the compilation of consumer price indices in statistical offices. Reports and recommendations of the joint meetings, as well as proposals for future agendas, are submitted to the Intersecretariat Working Group.

Ottawa Group

8. The Ottawa Group on Price Indices, established in 1994, provides a forum for specialists to share their experiences and discuss research on crucial problems related to the measurement of price change. While the Group discusses theoretical issues, it also focuses on applied research, particularly in the area of consumer price indices. Participants are specialists and practitioners who work for or advise national statistical agencies or international organizations. The Ottawa Group reports to the Statistical Commission.

9. The Group aims to meet every two years. The meetings are attended by between 20 and 40 participants from statistical offices and international organizations, who are usually required to contribute a paper to participate in meetings.

10. The agenda is agreed by the steering committee, which at present consists of experts and representatives from the national statistical offices of Australia, Canada, Denmark (the host of the next meeting, to be held in 2013), the Netherlands, New Zealand, Switzerland and the United Kingdom of Great Britain and Northern Ireland and representatives from ECE, Eurostat and ILO. A representative from the Voorburg Group on Service Statistics attends whenever possible.

11. The Ottawa Group has played an important role in the theoretical and methodological development of price indices during the past decade. For example, the international consumer price index and producer price index manuals, published in 2004 and revised in 2008, benefited greatly from the work of the Group, which brings leading experts in price statistics together with practitioners from national statistical offices, providing a unique opportunity to discuss problems associated with the practical implementation of the recommendations. Practical problems, for example those caused by resource shortages, the lack of reliable data sources or time constraints, are also brought to the attention of the “theorists” for clarification or recommendations.

12. The fact that representatives of international organizations usually also participate in the Ottawa Group meetings helps to ensure that such organizations are up to date with the latest developments in the area of price indices.

13. A summary of each meeting of the Ottawa Group, including conclusions and recommendations, and copies of the papers presented at the meeting are available from the Group’s website (www.ottawagroup.org).

Intersecretariat Working Group on Price Statistics

14. Based on a recommendation of the joint ECE/ILO consumer price index meeting, made at the invitation of the ILO Bureau of Statistics, the Intersecretariat Working Group on Price Statistics was established in 1998 to coordinate work to

develop the international standards on price statistics. The Intersecretariat Working Group reports to the Statistical Commission.

15. According to its original terms of reference (see www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm), the Intersecretariat Working Group should work to develop and establish international manuals on consumer price indices and other price statistics, in particular producer price and international trade price indices. It should also assist in the development of a framework for price statistics that is able to explain the links among various price indices and between price indices and other relevant economic and labour statistics.

16. The terms of reference of the Intersecretariat Working Group were revised in 2010 to take into account developments since the previous revision, in 2005. The objectives in the revised terms of reference are:

(a) To develop and maintain international standards and recommendations in the field of prices statistics and support their implementation in national statistical offices, which includes developing and maintaining manuals or handbooks on price statistics;

(b) To develop guidance on best practices where needed in order to improve the quality and international comparability of price statistics, be proactive in addressing new and upcoming issues and express its view on the importance and priority of problems and issues in the field of price statistics;

(c) To coordinate the work of international organizations in implementing best practices in manuals or handbooks on price indices, in sharing information on training and technical assistance and in using resources efficiently to avoid the duplication of efforts;

(d) To coordinate discussions of price index methodology at the international level, in particular the methodology used in the Ottawa Group on Price Indices and the joint ECE/ILO meetings on consumer price indices, and to ensure the necessary linkages with other relevant work, such as the work of the International Comparison Programme and the Voorburg Group on Service Statistics;

(e) To support the development of a framework for price statistics to explain the links among various price indices and between price indices and other relevant economic and labour statistics; one particularly important framework is the System of National Accounts, which provides an integrated and coherent system of economic statistics.

17. The Intersecretariat Working Group, which comprises ECE, ILO, the International Monetary Fund, Eurostat and the World Bank, is open to participation from interested and committed organizations, chairs of advisory groups on price index manuals and experts from national statistical offices, academia and international organizations. It may invite these interested parties to participate in its work programme. Experts from Canada, Denmark, the Netherlands, New Zealand and the United Kingdom participated in the most recent meeting of the Intersecretariat Working Group, held in May 2011 at the time of the Ottawa Group meeting in New Zealand.