

Session 8 - Future directions, next meeting

Chair: Timo Koskimäki, Keith Woolford

Summary of the session

The eighth meeting of the Ottawa Group is to be held in Helsinki, Finland 23rd to 25th August, 2004.

A list of potential topics for the next meeting was prepared by the Steering Committee for consideration of the participants. The list included following seven themes:

- Price indices for services

The price index problems relating to services have been on the agenda for both the sixth meeting (Canberra) and the seventh meeting (Paris). Although there is potential for some overlap with the Voorburg Group, the Steering Committee is of the view that price indices for services should remain on the agenda of the Ottawa Group. In particular, research papers relating to financial services, insurance services and gambling services would be considered relevant for the eighth meeting.

- Relationships between PPI's and CPI's

The remit of the Ottawa group states, that the focus of the Group is particularly, though not exclusively, in the area of consumer price indices. The development of producer price indices for services will bring the field of producer price indices closer to CPI's which should provide greater opportunities for integration of methods and practices. The use of indices for components of the CPI and PPI in the deflation of aggregates in the national accounts also suggests a need for similar approaches (the issue of the most appropriate index formula is particularly relevant here).

- Housing

The weight of housing services – owner occupied housing and rental markets – is very significant in most CPI's. Owner occupied housing is also treated quite differently in different countries due to the existence of alternative conceptual approaches. On a more technical level, the complexity of the housing market presents a number of challenges for index compilation, especially in relation to making appropriate adjustments for changes in quality. This applies both to owner occupied housing and rental markets.

- Health

Prices for health services often include insurance-like components and subsidised or regulated pricing schemes. Also technical innovations are likely to result in quality improvements which are, at best, imperfectly accounted for in most health services price indices. Although price indices for health were on the agenda of the sixth meeting of the Group, more research in this field would be welcome.

- Sampling

The production of CPI's typically involves making choices about how outlets and items are to be sampled. Different sampling strategies are often used within a single index. Some of the more common approaches include variations of multi-stage probability sampling, quota sampling and judgemental sampling. The evaluation of these alternative approaches is quite challenging and empirical research directed at providing tools for evaluating different sampling schemes would be welcomed.

- Quality assurance of price indices

In less complex statistical systems there often exist some generally accepted measures like non-response rates and statistical variance estimators to monitor bias and statistical accuracy of the statistics. In the case of price indices, quality assurance is more difficult. The results of any work in developing systematic approaches for producing quality measures for price indices would be welcomed.

- Price index data processing – automation of the production process

The compilation of price indices often involves the processing of a considerable number of individual price observations. The decisions relating to data processing and validation are always to some extent automated, i.e. based on some pre-defined algorithms. The degree of process automation is known to vary across countries and across individual price indexes. Increasing the degree of automation has the potential to reduce costs, but may increase the risk of introducing systematic biases. A useful starting point for considering these issues would be to collate a systematic account of existing automated practices and statistical methods for risk assessment related to automated procedures.

During the general discussion the list of topics presented by the Steering Committee was generally welcomed. The following clarifications and additional topics were proposed during the discussion:

- Topic 2 - relationships between PPI and CPI – might be extended to spatial comparisons such as PPP's as well.
- E-commerce, already on the agenda of the Paris meeting, should be followed up. The topic might be extended to cover more general issues associated with globalisation of commerce like cross-border purchases, relationship to National accounts and statistics on exports and imports.
- How to measure sampling error in CPI's.
- Treatment of transfer prices between different units of the same companies operating in different countries.
- Quality of CPI weights and sources for weights.

Participants also discussed the general role of the Ottawa Group and the ways in which the group contributes to the international statistical community. Generally, the work of the Ottawa Group was seen as important and good practices presented in the meetings of the

Group have been adopted as standards by statistical agencies and institutions. However, there was a general agreement that the Ottawa Group should, if possible, provide more formal feedback on its activities. It was proposed and accepted by the meeting that, once the new international manuals on price indices have been published, future discussions of the Group should take into account any relevant sections of the manuals. The intention is that the Ottawa Group will provide an ongoing forum for identifying areas of the manuals that require updating.

The meeting also wished to record the following:

- Its appreciation of the new ILO Manual on Consumer Price Indices and its thanks to all that have contributed to the work.
- Its endorsement of the importance of ensuring that the new ILO manual and the forthcoming new ILO resolution on Consumer Price Indices be consistent.