

Consumer Price Index Manual: Theory and Practice *Current status and future possible revisions*

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Background and current status

Under the session on the future work of the Group, the ILO requested that the Ottawa Group provide more formal feedback on the CPI Manual. It was proposed that future discussions of the Group focus on particular sections of the manuals and that the Ottawa Group should also provide an ongoing forum for identifying areas of the manuals that require updating. This proposal was welcomed and the group expressed interest to offer feedback on chapters where redrafts might be desirable.

The manual on CPI¹ (*Consume Price Index Manual: Theory and Practice*, Geneva, 2004) was published in 2004. It provides valuable economic and statistical background information and offers complete, comprehensive guidelines on constructing a CPI. The *Manual* is considered a living document, which will be revised and/or updated periodically to take account of new developments.

The electronic version of the manual in PDF format is available on the ILO web site <http://www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm>. Unfortunately no statistics on the number of downloads is available.

Hard copies of the manual provided to the heads of national statistical offices of the ILO member states. In addition, copies have been sent to libraries and other depository institutions for literature. From the 5000 printout, 4000 copies have been sold and about 570 have been given free. Information on the type of purchasers of the manual is available on request from the ILO Publication Department.

Apart from the translations in Spanish and French, disseminated at http://www.imf.org/external/pubs/ft/cpi/manual/2004/esl/cpi_sp.pdf http://www.imf.org/external/pubs/ft/cpi/manual/2004/fra/cpi_fr.pdf. Respectively, the manual is being translated in Russian and Chinese. It is also available in Japanese. The requests for translating it into Farsi and Portuguese are considered.

The standards of the *CPI Manual* have been promulgated at various meetings, training workshops and technical assistance activities provided by international agencies.

The initial reactions comments on the content and usefulness of the manual(s) were very positive although not specific. Feedback from the UN Statistical Commission was very positive on the completion of the *CPI* and *PPI Manuals*, particularly with regard to the coordinated effort. The Conference of European Statisticians also noted the development of the Manuals as a good example of coordination among international organizations and statistical offices. A number of economic journals have also provided and advertised the manual as one of the milestones for calculation of CPI.

¹ *Consume Price Index Manual: Theory and Practice*, Geneva, 2004

In order to elicit comments and promote discussion on specific topics that appear in the CPI Manual, an electronic discussion group was created on the CPI Manual website. Unfortunately, the number of comments received was been insignificant.

Some specific comments for improving the manuals were received at the MF conference in Helsinki. Some agencies, like US BLS, have reviewed the content of the Manual in full, and identified errors in equations and tables.

Based on the comments received, the electronic version of the manual was subject to minor non-substantial revisions and corrections of errors, especially in the equations. The only chapters that have been redrafted are CH. 7 on quality changes and Ch.21 on hedonics. Corrected/revised text is disseminated on the CPI Manual website along with the original text. An erratum indicating all corrections to mathematical equation is added to the original text.

Survey on the usefulness of the Manual

In order to obtain additional feedback on the usefulness and completeness of the CPI manual and country experience with the manual, the ILO in cooperation with the UNECE agreed to survey NSIs and other potential users of the manual.

To this end, a questionnaire was developed and finalised jointly by UNECE and ILO and send to all NSIs and limited number of users mainly from the Ministries of Labour, Workers' and employers' organisations. The purposes of this survey were threefold (i) to obtain users' feedback on the manual and identifying issues requiring further clarification for the future revisions of the electronic version of the manual, (ii) to identify areas on which future *Supplementary Handbooks* may be needed, (iii) to provide input for future meetings on CPIs. Respondents were requested to assess the completeness of the manual and the extent to which the manual met their needs but also to provide information on their current practices concerning some specific issues in the compilation of CPI. Over 95 replies were received, 82 of which were from the compiling agencies. The next section summarises the key findings. The results were not adjusted for non-response.

Survey results

As the responses from the users were to some extent different from those of compilers the responses were classified and processed separately. Interestingly enough, the responses received from the UNECE member states were not much different from those received the rest of the world. The results from the survey are given in the attached PowerPoint Presentation. In addition to the survey results, the presentation also includes list of suggestions received from sources other than the survey.

The overall conclusion is that there is a need for supplements to the manual which will address in more details practical matters.