

The new SPPI Guide State of play

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Overview

- 1. The joint OECD / Eurostat Task Force for the revision of the SPPI Guide**
- 2. The new SPPI Guide: main improvements and contributions**
- 3. Outcome of the editing process**
- 4. Timetable**

The joint OECD / Eurostat Task Force for the revision of the SPPI Guide

Joint OECD Eurostat Task Force

- **Established in 2011**
- **Joint expert group of 14 OECD/EU countries**
- **Synergies with the Voorburg Group**

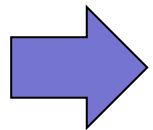
Objectives

1. **Development of a global and comprehensive methodological framework to track changes in prices for services;**
2. **Enlargement of the scope of service sectors covered by improving and developing practical guidance by service industry;**
3. **Identification of issues and futures challenges related to the compilation of SPPI.**

The new SPPI Guide: main improvements and contributions

(1) Classification of pricing methods

- **Additional pricing method**
 - Margin pricing (Wholesale & retail trade, FISIM)
- **Modification of description of existing pricing methods**
 - Use of CPI as proxies
 - Data type in the survey (Voorburg Group input)



ENLARGEMENT OF THE CLASSIFICATION

(1) Classification of pricing methods

Margin pricing

Explicit output charged mechanism

Time-spent mechanism

Acquisition & selling prices

Real transaction price
List price

Real transaction price

Revenues & amount sold

% fee & related value

Sub-components:
Real transaction price, List price, Revenues & amount sold, Input data

Expert estimate

Real transaction price
List price
Unit value

Margin pricing

Direct use of prices

Contract pricing

Unit value

% fee

Component pricing

Model pricing

Time based

Price indirectly observed

Price observed

Price estimated using related observed prices

Price virtual

Price observed or estimated

Margin price

Price of final service output

Time based price

(2) Replicable and harmonised guidance by industry

1. Coverage and classification aspects

- Industry description
- Classification aspects
- Scope of the survey
- Industry vs. Product based SPPI (*when relevant*)

2. Compilation issues

- Sample design
- Collection of information and specification of the services

- Pricing methods
- Quality issues
- Weighting and aggregation
- Specific aspects

3. Experience of individual countries:

- Overview of national methods

4. Methodological sources available

(2) Enlargement of the scope (1/2)

19 service industries were covered in the 1st edition of the Guide

- 15 service industry sections have been enhanced with the material from the Voorburg Group
- 4 service industry sections have been revised extensively:
 - ✓ Sea and coastal water transport
 - ✓ Air transport
 - ✓ Telecommunication
 - ✓ Computer programming, consultancy and related activities

(2) Enlargement of the scope (2/2)

- **8 new service industry sections have been included in the new version of the SPPI Guide:**
 - **Waste management**
 - **Wholesale and retail trade**
 - **Food and Accommodation**
 - **Publishing of books & periodicals**
 - **Software publishing**
 - **Financial activities**
 - **Insurance activities**
 - **Health service industries**

(3) Cross-cutting issues

1. Decomposition of SPPI by end-use

- Availability of reliable weight data (such as turnover)
- Assessment of the potential for business prices to display different trends to those of household's consumers

2. Use of CPI data as full or partial proxies

- Appropriate use of CPI data to cover household's transactions to adjust CPI data to basic prices by deducting any taxes including VAT and trade margins.

3. Treatment of quality changes

- In principle, the same quality adjustment methods can be used for goods and services, in practice, for services, fewer options are available and much more difficult to implement

4. Treatment of bundled services

- Services are frequently and increasingly bundled with other service(s) and good(s)
- Main issues are keeping the bundle constant over time either through quality adjustment or regular updating of the selected bundled services; reflect the non monetary benefits of the bundle in the price index; heavy calculation and response burden

(3) Identification of future challenges

Considered as a living document, SPPI Guide is likely to be amended and improved in the future

1. Continue improving guidance and enlarge scope of the industry covered
2. Improve comparability of SPPI across countries
3. Treatment of quality changes
4. Dealing with changes in productivity
5. Dealing with globalization; treatment of exports and international services

Outcome of the editing process

Overview

- Bulk of content available for editing since early 2013, with some additional content since. A few remaining elements being finalised.
- Many contributors so style/language harmonised.
- Logical flow between chapters
- Consistency (and correctness) of approach and recommendations (including with PPI Manual).
- Useful to both novice and experienced compilers
- Guide the compiler/reader through the questions and challenges, identifying target measures/methods while allowing sufficient flexibility for realities of constrained resources, data availability etc.
- Much re-editing of edits!

Methodological chapters

Chapter 1 (General Aspects)

- Reorganise towards PPI Manual
- Guide reader through the conceptual considerations

Chapter 2 (Pricing Methods)

- Perhaps most challenging subject matter
- Ensuring the reader (esp. novice) can work through it

Chapter 3 (Practical Aspects)

- Reorganise towards PPI Manual
- New section on respondent recruitment
- Examples

Guidelines on SPPs for specific service industries

Chapter 4 (Sector Specific) – many contributors

- Harmonising language
 - Ensuring adherence to template
 - Clarifying content (nit-picking?)
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- **How you can continue to help?**
 - I may have questions for contributors
 - Feedback

Timetable

- **Finalisation of the editing process:**
December 2013
- **Final publication: First quarter 2014**

Thank you for your attention

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