



EUROPEAN COMMISSION
EUROSTAT

Directorate C: Macro-economic statistics

Unit C-4: Price statistics. Purchasing Power Parities. Housing statistics

HICP Compliance Monitoring Report

Austria

April 2019

1. Introduction

In September 2017 Eurostat reviewed the compilation of the harmonised index of consumer prices (HICP) for Austria. The review was done against the existing legal framework, established HICP methodological recommendations and other guidelines and good practices in the field of consumer price indices.

The current report is based on:

- A document with the inventory of the sources and methods used for the Austrian HICP. The document used was provided to Eurostat in June 2017.
- The metadata of the Austrian HICP in Eurostat's dissemination database.
- The discussion at the compliance monitoring visit that took place on 25 September 2017 at Statistics Austria in Vienna.

For all main methodological topics related to the HICP this report briefly summarises the Austrian practice followed by Eurostat's brief appraisal of compliance and, if applicable, recommendations for improvement. The report concludes with Eurostat's overall assessment of compliance of the Austrian HICP.

2. Coverage and classification

All monetary consumption expenditure by private households on the economic territory of Austria is covered, including expenditure incurred by individuals living in institutional households and foreign tourists within Austria.

All categories of household final monetary consumption expenditure, broken down by the European Classification of Individual Consumption by Purpose (ECOICOP), which account for more than one part in a thousand of the total, are included in the HICP.

The 5-digit level of ECOICOP is implemented with the publication of the December 2016 HICP in early 2017.

Compliance

The coverage of household final monetary consumption expenditure and the classification used for the Austrian HICP are in line with the legal requirements.

3. Sampling and representativity

The definition of the economic territory is identical to the definition of economic territory given by the European System of Accounts (ESA). No parts of the country are excluded. Regional weights are used in the compilation of the HICP.

The number of retail outlets in the sample is more than 4 000, of which approximately 2 800 are surveyed directly by price collectors. Outlets in the sample range from large supermarkets to small local outlets. Internet purchases are included in the HICP.

Compliance

The sampling and representativity are in line with the legal requirements.

4. Weights

The main source for weights for the 4-digit level of ECOICOP is the national accounts data. Below the 4-digit level household budget survey (HBS) data and other sources are used.

The weights at the 4-digit level of ECOICOP are reviewed and updated annually and weights at the 5-digit level are recalculated each year on a pro rata basis using the structure of the most recent HBS. Every five years a full review and update is made at the 5-digit level after the most recent HBS results have become available.

For telecom services Statistics Austria has access to detailed data from the national regulator: *Rundfunk und Telekom Regulierungs-GmbH*. This data, however, is not used for the annual updating of weights for elementary aggregates and estimating the market shares of telecom providers. Moreover the weight for internet access seems, compared to other Member States, somewhat on the low side.

Compliance

The compilation of weights in the Austrian HICP is in line with the legal requirements.

Recommendation

Eurostat recommends reviewing and, if necessary, improving the weighting of telecom services in the light of the available information.

5. Price collection

Price collection is done regionally by price collectors in retail outlets or centrally by staff at Statistics Austria.

The regional price collection falls under the responsibility of the 20 major municipalities and it is done by 80 price collectors using electronic handheld devices. They collect approximately 40,000 price quotations each month.

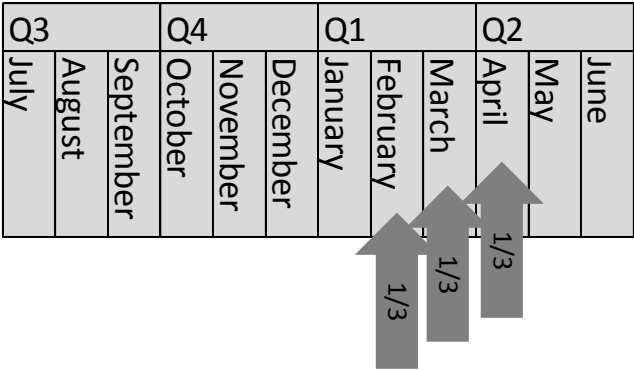
Central price collection, at the office of Statistics Austria in Vienna, is done for products where prices are set nationally (e.g. books, tobacco, and telecommunications) or significant expenditures that occurs outside of the main cities (e.g. hotels). This price collection is done by telephone, fax, mail, e-mail and internet and approximately 4,000 prices are collected monthly.

For most products prices are collected monthly which is in line with the principle expressed in Article 2a(1) of Regulation No 1749/96. However, for several products prices are collected annually, biannually or quarterly.

Frequency of price collection and the timing of entering the index: ECOICOP 04.1 Actual rentals for housing.

The prices for the sub-index of Actual rentals for housing are taken from the quarterly *Mikrozensus Wohnungserhebung* (Micro Census Housing Survey). The results of the census are available after each quarter with a time lag of three months. These data are used in the HICP so that one third of a quarterly price change enters into the HICP in three consecutive months after the census data are made available. Thus the quarter-on-quarter changes enter the index smoothed and with a lag.

The picture below illustrates how the *Mikrozensus* results enter the HICP. The price change between the third (Q3) and fourth quarter (Q4) is available in March and is divided into three equal parts. One part enters the HICP in February, one part in March and the final part in April. Price changes for Actual rentals enter into the HICP both smoothed and lagged.



Compliance

The price collection for rents is not in line with the requirements set out in Article 2 of Regulation No 2601/2000 as prices for Actual rentals for housing do not enter the HICP in the appropriate month.

Requirement

Eurostat requires Statistics Austria to bring the price collection of rentals in line with Regulation No 2601/2000.

6. Discounts

The legal requirements for price reductions are applied in the Austrian HICP. Discounts available to all consumers with no special conditions attached are taken into account.

Compliance

The treatment of discounts is in line with the legal requirements.

7. Quality adjustment

Price collectors work with relatively broad item descriptions and choose a well-sold product that falls under the item description. If the product is not available anymore or not well-sold the price collector choses a replacement and notes all relevant information. The quality adjustments, if needed, are made later by the central office staff. An elaborate methodology is used to make quality adjustments.

In 2016 quality adjustments were made in 4.6 % of the cases.

Compliance

The methods and application of quality adjustment methods are in line with the legal requirements.

8. Treatment of seasonal products

The legal requirements for the treatment of seasonal items are applied in the Austrian HICP to Fruit (ECOICOP 01.1.6), Garments (03.1.2), Other articles for clothing and clothing accessories (03.1.3), Footwear (03.2), Garden furniture (05.1.1.2) and Spare parts and accessories for personal transport equipment (07.2.1).

Compliance

The treatment of seasonal products is in line with the legal requirements.

9. Index calculation

The Austrian HICP is a Laspeyres-type index. The Jevons price index (geometric mean index) is used for the elementary aggregate formula. The price reference period in year t is December of the year t-1. The resulting indices are chain-linked, using December of the year t-1 as the linking month.

Compliance

The index calculation is in line with the legal requirements.

10. Administered prices and HICP at constant tax rates

The list of administered ECOICOP classes for the compilation of the HICP - administered prices is transmitted each year to Eurostat. Statistics Austria provides the HICP at constant tax rates to Eurostat following the methodology defined by Eurostat.

Compliance

The treatment of HICP - administered prices and HICP at constant tax rates are in line with requirements for the HICP.

11. Delivery of results

Statistics Austria delivers the HICP results according to agreed schedule and within the legal limits. However, the Statistics Austria transmits the HICP indices as provisional, and they are frequently revised at t+45 upon finalisation.

Eurostat welcomes the efforts Statistics Austria has made to reduce the need to revise the HICP results upon finalisation and encourages them to continue with this work.

12. Overall assessment

The Austrian HICP is in line with most legal requirements. The price collection of rentals is not in line with the requirements set out in Article 2 of Regulation No 2601/2000 as prices do not enter the HICP in the appropriate month. Notwithstanding this issue, Eurostat assesses the Austrian HICP to be comparable to that of the other EU Member States.