



EUROPEAN COMMISSION  
EUROSTAT

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

# **HICP Compliance Monitoring**

## **Follow-up report**

**Ireland**

**March 2020**

**Date of visit**

- May 2017

**CM report published**

- September 2017 <sup>(1)</sup>

**Date of follow-up information**

- January 2020

**1. Requirements and recommendations and the progress made by the NSI**

- **Some products included in the basket for the maintenance of dwellings like building materials or floor tiles can be considered as major repairs and are therefore out-of-scope of the HICP.**

This requirement has been implemented. Building materials are no longer covered in the Irish HICP. As a consequence, the weight of ‘materials for the maintenance and repair of the dwelling’ has been substantially reduced.

- **The method for the treatment of seasonal products is not among the options given in Regulation (EC) No 330/2009.**

This requirement has not been implemented. In 2020, the Central Statistical Office of Ireland (CSO) will initiate a project on the treatment of seasonal products in particular for clothing and footwear.

- **The compilation of the price index for package holidays is not compliant with the legal requirements of Regulation (EC) No 1749/96 Articles 5 and 6.**

Work on this requirement is ongoing. The CSO has developed a new approach to producing an index for package holidays. According to the new methodology, prices for the same package holiday are collected each month. It is planned to implement the new method after the completion of a parallel calculation which runs from July 2019 to July 2020. The new method will have much more seasonal volatility (peaks and troughs) than the current method.

- **The frequency of the price collection is not fully in line with the legal requirements set out in Regulation (EC) No 701/2006 as, without sufficient justification, prices for some products are not collected monthly.**

Work on this requirement is ongoing. There has been an increase in collecting prices on the internet over slower alternative price collection methods such as letters and telephone correspondence, where possible. The CSO has started a project on using web scraping methods. This should allow for more frequent pricing for a number of specific products. The CSO also explains that reducing burden on respondents and limited resources explain why the collection of certain products’ prices will not increase in frequency.

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<sup>(1)</sup> The report is available on Eurostat’s website, under HICP/Methodology/Compliance Monitoring:  
<https://ec.europa.eu/eurostat/documents/272892/272977/CM-Report-Ireland-2017/>

- **The CSO should develop the explicit use of consumption segments especially for technologically fast moving markets as an aid to structure product selection and ensure the continued representativity of the HICP.**

This recommendation has not been implemented.

- **The decision to omit market stalls, farmers' markets and mail order should be checked regularly and if needed, such outlet types should be included to ensure the representativity of the outlet sample.**

This recommendation has not been implemented, as these outlet types do not form a significant part of the Irish market.

- **Eurostat recommends adapting practice for processing of clothing prices so that prices are not estimated for more than two months.**

This recommendation has been implemented. Clothing prices are now estimated for more than two months on very rare occasions. The CSO plans to formally stop the practice of estimating for more than two months together with the adoption of a new replacement and quality adjustment strategy for clothing.

- **The price collection for flights needs to be reviewed and updated to ensure the representativity of the sub-index.**

This recommendation has been implemented. All routes were reviewed and there was a subsequent update to the sample which was implemented in March 2018, using statistics on route popularity. As part of this update, additional long haul flights were added to the sample, primarily transatlantic flights. For shorter journeys the CSO continues to collect prices twice each month. In the first round of pricing flights are booked in advance, ranging from 6 weeks to a month before departure. In the second round of pricing flights are booked in advance, ranging from a month to two weeks before departure. All long-haul flights are also priced twice but this is now done much further in advance, approx. 3 months in advance of the pricing period, to reflect consumer behaviour.

- **The default application of bridged overlap should be reviewed. The implementation of explicit quality adjustment methods should be examined.**

This recommendation has been implemented. The CSO has introduced hedonic quality adjustment for Computers and Computer Accessories. It was also decided to use direct comparison much more and bridged overlap much less for Clothing, Footwear, and Travel Goods. The next step will be to identify other products for which it would be appropriate to move to alternatives to bridged overlap.

## **2. Additional measures to improve the quality of the Irish HICP**

The CSO is improving the processing of centrally collected data (i.e. data not collected from outlets) by using the office's data management system instead of Excel files. This will further standardize the data handling and enable a better analysis of the data.

The CSO is working with the Economic and Social Research Institute (ESRI) on using a database of rental agreements to develop a higher quality rent index.

The CSO plans to use web scraped insurance quotes to calculate indices for motor insurance (in 2020) and home insurance (in 2021).

### **3. Conclusion**

Eurostat welcomes the measures implemented by the CSO to improve the quality of the Irish HICP. The CSO should continue to implement further measures in particular regarding the treatment of seasonal products, the treatment of package holidays, and the price collection frequency for some products.