

This workshop outlines data needs for, and practical methods of, quality adjustment. The data needs are about price collectors having fairly tight specifications and training about what to do when an item is missing. If permanently missing, the price collector should ideally find a comparable replacement. If only non-comparable replacements are available, we consider the different data needs and ways of incorporating the replacement. Some methods are relatively straightforward including the indirect ones of imputation and linking; at the other extreme, direct more-complex methods include use of hedonic regressions. Such regressions are also used when there is a rapid turnover in transactions on models with differing characteristics, such as laptops, and can be applied to separately constructed databases taken, for example, on a monthly basis from retailers' websites on the prices and characteristics of different models of laptops on the market. We look at the practice of using such techniques.

The session opens with a presentation from Mick Silver (IMF) on the principles of quality adjustment and use of hedonic regressions. Hedonic regressions are identified as but one method of dealing with the problem of non-comparable replacements. Their use is more greater important for items where there is a high rate of turnover in price-determining characteristics, such as in models of cars and electronic consumer goods. Following a coffee/tea break, Christophe Matthey and Corinne Becker (Swiss Federal Statistical Office) will outline how hedonic regression techniques were applies in measuring the quality-adjusted rent component of their CPI. They outline the history of the rent index, the reasons why Swiss Statistics adopted the hedonic regression approach, the hedonic methodology used, impact on the results, and the lessons to be learned after three years of use. Frances Krsinich (Statistics New Zealand) outlines the use and lessons learnt from the application of hedonic regressions in New Zealand. The session concludes with a discussion session.

Time	Presenter	Subject
2:30–3:30	Mick Silver	Quality adjustment and hedonics
3:30–4:00	<i>Coffee/tea</i>	
4:00–4:30	Christophe Matthey / Corinne Becker	Impact and limits of hedonic adjustments on the Swiss rent index
4:30–5:00	Frances Krsinich	Use of hedonic regression for quality adjustment in New Zealand
5:00–5:30	<i>Discussion</i>	