Price Indices for Telecommunication Services in the Israeli CPI

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Abstract
This paper discusses the methods used in the Israeli Consumer Price Index to measure changes in the prices of telecommunication services. These services include telephony (local and international providers), Internet services and mobile telephone service providers. The Israeli economy has gone through tremendous changes in the area of telecommunications over the past few years. These have led to an increase in the weight of the major consumption group “transportation and communications”, which is now one fifth of the consumer basket. This is the largest component in the index (excluding housing).

The complex communication market has caused great difficulties in the current measurement of the index. This market is characterized by rapid changes, fierce competition, mergers between companies, several types of communication services and numerous and complex pricing packages for the various services. These led to problems in two areas: the ability to collect relevant and timely data and choosing the relevant price index for the micro-indices of the various telecommunication services.

In this paper we present real case problems and some of the solutions that were applied in the Israeli CPI for telecommunication services.
The Telecommunication Market in Israel

The total value of annual telecom services and equipment market is estimated at over 4 billion $US, broken down as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Services</td>
<td>40%</td>
</tr>
<tr>
<td>Cellular Telephony</td>
<td>38%</td>
</tr>
<tr>
<td>International Long Distance</td>
<td>7%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>11%</td>
</tr>
<tr>
<td>Internet services</td>
<td>2%</td>
</tr>
<tr>
<td>Terminal equipment and business systems</td>
<td>2%</td>
</tr>
</tbody>
</table>

a. Fixed Services:

“Bezeq”, the Israeli National Telecom holds an authorized monopoly of the national telephone infrastructure (a monopoly that will terminate when another company that was granted a general fixed service license in January 2001 begins to operate). Bezeq has completed 100% digitalization that allows it to provide quality advanced value-added services to all of its customers. The Government of Israel currently owns 54% of Bezeq’s shares. In August 2000, the Government formally approved selling 50.01% of Bezeq shares to a single strategic investor. Privatization plans are to be completed by mid 2001.

Israel has 3 million telephone lines, which is equivalent to almost 50% penetration. Nearly 95% of the households in Israel have at least one telephone line.

b. International services:

In November 1995, the Government of Israel published a tender for two additional licenses for international telecommunication services to compete with Bezeq. The two winning groups, “Golden Lines” and “Barak”, began international service provision in Israel in July 1997. In both these groups, foreign corporations play an active role and have significant ownership. Each facility based international service provider must own and operate the facilities for the delivery of its services. These new service providers, along with Bezeq International, are offering the Israeli public tariffs, which are among the lowest in the world. For example consumers pay 17 cents per minute for a call to the United States, 16-25 cents for a call to Western Europe and 14 cents to Japan. As can be seen in figure 1 below outgoing

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1 Data supplied by the Ministry of Communications, Israel
traffic has more than doubled since the introduction of competition and the market share of Bezeq has been reduced to about 45%.

Figure 1

![Graph showing international traffic (Million Minutes/Year) from 1996 to 1999]

**c. Cellular telephony:**

There are 3.5 million cellular telephone customers (58% penetration) and over 52% of the households have at least one mobile phone in their possession.

Currently there are three cellular telephone service providers. Bezeq and Motorola own “Pelephone” which uses NAMPS and CDMA technology. Bell South, Safra Banking Family and Discount Investment Ltd. own “Cellcom” which uses TDMA technology. The license for a third operator was awarded to “Partner”, who is owned by Hutchison of Hong Kong and local Israeli investors. Partner operates according to the GSM standard. They each provide countrywide coverage. The rates are relatively inexpensive, air time costing an average of 11 cents a minute and the monthly fee (when applied) being approximately $11-29. Figures 2 and 3 below stress the cellular boom that has prevailed in Israel over the past few years both in revenues and in average minutes spoken per consumer.
The decrease in average minutes of mobile phone usage per month is misleading. The reason for this is that more and more children have in their possession cellular telephones. Actually the penetration level is increasing at a growing rate. This of course means potential revenues for the cellular companies.

d. Internet services:
There are more than 30 Israeli Internet providers with about four companies leading the market. There are over 1 million users, growing annually at a rate of roughly 30%. Forecasts are for even higher growth rates and users are expected to reach 1.5 million by the end of this year. The basic Internet package costs 10$ a month covering ten hours of use.

Figure 4 below sums up the different areas of activity and companies in the telecom market.
The CPI in Israel

The Consumer Price Index was one of the first statistical series conducted in Israel. The British mandatory Government of Palestine conducted the first CPI in pre-statehood era between 1922-1948. Immediately after the Central Bureau of Statistics was established in 1949, it set out to build a CPI according to international standards. The objectives, principles and methods of compilation were consolidated in the course of the years on the basis of international and local experience with the various aspects of the index.

Principal changes in the index over the years were:

- gradual expansion of the population of households upon which the index is based – from households whose heads are employees who live in large localities to the population of all households;
- frequent changes in the price measurement of housing services;
- changes in price measurement of seasonally variable items;
- new formulae for micro-indices;
- and the computerization of the index.

For a more detailed summary of the Israeli CPI – see appendix A below.

A major improvement in the CPI is attributed to the initiation of annual Household Expenditure Surveys (HES) starting in 1997. Between the early 1950’s and mid 1990’s the
Bureau of Statistics conducted HES’s every five to seven years. As these data serve as the major source for basket weight updating - the CPI was updated every six years or so. Following the introduction of the yearly surveys, the CPI has already been updated twice: in January 1999 and January 2001. In figure 5 below we show the weights for the major consumption groups based on the last four surveys.

**Figure 5: Major Groups weights**

<table>
<thead>
<tr>
<th>Major groups</th>
<th>Average 1987</th>
<th>Average 1993</th>
<th>Average 1998</th>
<th>Average 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight</td>
<td>1000.0</td>
<td>1000.0</td>
<td>1000.0</td>
<td>1000.0</td>
</tr>
<tr>
<td>1 Food (exc. Fruits &amp; vegetables)</td>
<td>165.1</td>
<td>152.3</td>
<td>144.0</td>
<td>146.1</td>
</tr>
<tr>
<td>2 Fruits &amp; vegetables</td>
<td>64.2</td>
<td>42.3</td>
<td>35.4</td>
<td>30.6</td>
</tr>
<tr>
<td>3 Housing</td>
<td>164.6</td>
<td>207.7</td>
<td>214.2</td>
<td>206.4</td>
</tr>
<tr>
<td>4 Household maintenance</td>
<td>93.3</td>
<td>89.6</td>
<td>91.7</td>
<td>96.4</td>
</tr>
<tr>
<td>5 Furniture and household equipment</td>
<td>71.8</td>
<td>54.1</td>
<td>57.8</td>
<td>53.6</td>
</tr>
<tr>
<td>6 Clothing &amp; Footwear</td>
<td>72.0</td>
<td>59.5</td>
<td>44.6</td>
<td>33.8</td>
</tr>
<tr>
<td>7 Health</td>
<td>55.0</td>
<td>71.9</td>
<td>39.8</td>
<td>42.8</td>
</tr>
<tr>
<td>8 Education &amp; Culture &amp; Entertainment</td>
<td>120.1</td>
<td>120.1</td>
<td>131.1</td>
<td>135.9</td>
</tr>
<tr>
<td>9 Transportation &amp; Communication</td>
<td>152.5</td>
<td>159.0</td>
<td>197.4</td>
<td>211.1</td>
</tr>
<tr>
<td>9.1 Communication services</td>
<td>15.0</td>
<td>20.8</td>
<td>31.7</td>
<td>35.8</td>
</tr>
<tr>
<td>10 Miscellaneous goods and services</td>
<td>41.4</td>
<td>43.5</td>
<td>44.0</td>
<td>43.3</td>
</tr>
</tbody>
</table>

As expected, the relative weights of services increased on account of the basic commodities. Moreover, the weight of the consumption group “communications” increased by over 12 percent in a short period of time. In figure 6 below we see the weights for the different components of the communications index.
Figure 6: Weights for the communication sub groups (percent)

<table>
<thead>
<tr>
<th>Communication sub group</th>
<th>Average 1987</th>
<th>Average 1993</th>
<th>Average 1998</th>
<th>Average 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 Communication services</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>9.1 Telephone services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.1.1 Telephone's bills</td>
<td>97.3</td>
<td>97.6</td>
<td>98.4</td>
<td>99.2</td>
</tr>
<tr>
<td>9.1.1.1 Local services</td>
<td>56.0</td>
<td>68.0</td>
<td>49.1</td>
<td>36.3</td>
</tr>
<tr>
<td>9.1.1.2 International services</td>
<td>30.0</td>
<td>17.0</td>
<td>13.4</td>
<td>18.3</td>
</tr>
<tr>
<td>9.1.1.3 Cellular services</td>
<td>0.0</td>
<td>2.7</td>
<td>26.9</td>
<td>34.9</td>
</tr>
<tr>
<td>9.1.1.4 Other services</td>
<td>4.0</td>
<td>1.8</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td>9.1.2 Telephone &amp; equipment</td>
<td>7.3</td>
<td>8.2</td>
<td>7.3</td>
<td>7.8</td>
</tr>
<tr>
<td>9.2 Postal services</td>
<td>2.7</td>
<td>2.4</td>
<td>1.6</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Starting in early 2000, the CPI team at the Bureau has begun to collect data from numerous sources (administrative data, telecom companies, households, Internet, media, etc) in order to confront the measurement problems that characterize this market. It should be stated that due to the competitive nature of the telecom industry, the gathering of information might be at times quite tedious, at others almost impossible. Since different levels of regulation can be found, even in countries with totally privatized markets, administrative data from government offices or other quasi-public organizations is necessary.

The information collected can be classified in three categories:

1. Market share of service providers
2. Consumption share of pricing schemes
3. Actual monthly prices for components of each scheme

Categories 1 and 2 are important for weighting of the items (and indices) in base and current periods. Category 3 enables computation of the change in expenditure.

In the following sections we will attempt to describe the methods used for computation of the different telecom indices, based on the gathering of information in the year 2000.
Local Telephony

Local telephone services are 36.3% of the consumption group communications. Their relative weights have decreased over the past years (was 56% in 1987) due to the cellular boom. These services include the following components:

- Fixed usage cost for the telephone line (actually this cost is levied on the consumer whether he used the phone or not)
- Cost per actual usage (meter pulse rates, second/minute rates, minimum costs)
- Payments made to other companies (cellular, international, etc)

Other services may be charged to the monthly telephone bill such as: calling cards, collect calls, voice mail and other advanced services. These services are a very small fraction of the household expenditure on local telephony services.

In May 2000 the local telephone services went through a process of changing the price regimes that could be considered a “mini-revolution” for consumers – but even a bigger one for price statisticians:

- Elimination of regional tariffs (replacing traditional 3x3 tariff matrix of 3 distance zones, 3 time zones – with simple tariff matrix: local calls or urban-toll calls for peak hours, unified tariff for off-peak hours)
- Per second billing (replacing traditional meter pulse with per second billing and minimum charge rate for call)
- Alternative tariff plans (customer choice between number of alternative tariff plans, bundling local call minutes in exchange for monthly fee)

Figure 7 below sums up the price changes over the period of April 2000-May 2000.
Figure 7: Change in cost of telephone service prices

<table>
<thead>
<tr>
<th>Type of service</th>
<th>April 2000</th>
<th>May 2000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation fee</td>
<td>622</td>
<td>399</td>
<td>-35.9%</td>
</tr>
<tr>
<td>Fixed service</td>
<td>42.23</td>
<td>43.87</td>
<td>3.9%</td>
</tr>
<tr>
<td>Minimum fee</td>
<td>0.243</td>
<td>0.231</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Local call peak</td>
<td>0.048</td>
<td>0.09</td>
<td>87.5%</td>
</tr>
<tr>
<td>Out of area peak</td>
<td>0.15</td>
<td>0.26</td>
<td>73.3%</td>
</tr>
<tr>
<td>evening 6-10</td>
<td>0.048</td>
<td>0.045</td>
<td>-6.25%</td>
</tr>
<tr>
<td>Late night 10-08</td>
<td>0.048</td>
<td>0.015</td>
<td>-69.7%</td>
</tr>
</tbody>
</table>

A pure Laspeyeres based cost simulation ("before-after" analysis) was computed based on call consumption for each and every second of call duration (up until 1,800 seconds). The index for May 2000 was based on this January-September 1999 call-traffic basket. The average decrease in prices was almost 4%. This is compared to the changes in Figure 7 above.

Since May 2000, we have experienced two more periods of price changes. For each of these periods we implemented the same method of price-quantity aggregation of the call-traffic basket per seconds.

As Bezeq telecom is still a monopoly the public and relevant parliament committees scrutinize the effects of any price changes. At times discrepancies are found between the expectations of the company and the actual results of the index. These are then explained in great detail to the relevant parties in order to alleviate any “friction” between the policy makers and the statistical office. The methods used of late in the price index of local phone services have been successful (at least) as far as the public eye is concerned.

This has led us to believe that the crucial point in index computation for telecom indices is data gathering ability at the micro level. As the market has become more and more competitive and companies are leaning towards “market share” strategies (as opposed to maximum net profit) it is essential to collect data (if possible per second or at least per average in minutes) on consumer consumption for each second of telephone use.

**International services**

The weight of international services is 18.3% of the consumption group communications. This weight has increased relatively from 13.4% in 1998 but is much lower than the 30% consumption share in 1987. There are several explanations for this phenomenon. First,
relative prices have reduced after the introduction of competition. This led to the relatively smaller consumption weights in 1993 and 1998. Second, quantity consumption has grown rapidly in the last couple of years to overcome the price reductions. Therefore, relative weight has started to rise again in the 2000 basket.

The introduction of three companies brought about new pricing schemes in the long distance calling market. There are differential prices for:

- Members or non-members
- Countries and continents
- Call duration
- Favorite numbers vs. regular ones

The index was computed based on non-member prices only until 2000. This led to an upward bias in the resulting indices. This was due to the lack of information and ability to receive actual consumption shares for different pricing plans. As of 2000 the index has improved considerably as data were received on consumption per country for members and non-members. This enabled computing micro-indices for member, non-members, countries – aggregated by company market share. However information on call duration and favorite number packages is needed to improve the index in the future. The price differentials between member and non-member tariffs for selected countries are demonstrated in figure 8 below.

**Figure 8: International calls tariffs for selected countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Member</th>
<th>Non-member</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>0.68</td>
<td>1.03</td>
</tr>
<tr>
<td>UK</td>
<td>0.77</td>
<td>1.03</td>
</tr>
<tr>
<td>France</td>
<td>0.99</td>
<td>1.32</td>
</tr>
<tr>
<td>Russia</td>
<td>1.29</td>
<td>1.79</td>
</tr>
<tr>
<td>Germany</td>
<td>0.98</td>
<td>1.31</td>
</tr>
<tr>
<td>Jordan</td>
<td>3.71</td>
<td>4.95</td>
</tr>
<tr>
<td>Argentina</td>
<td>1.29</td>
<td>1.79</td>
</tr>
</tbody>
</table>
Cellular Telephony

“Buy a Nokia 3210 and receive a free ticket for the Westlife and Five concerts” reads the ad in the newspaper. What the ad does not tell you is that the price of the cell phone has gone up by is 180 NIS. This of course is the price for the tickets (or is it?). This is only one of the many problems associated with the dozens of complicated pricing schemes of mobile services.

The weight of the cellular services has increased from nearly 3% of communication services in 1993 to 27% in 1998 and 35% in 2000. The amount of “air” minutes per consumer is now higher than the average amount of minutes for the regular telephony services. The price index for the cellular services seems to be (at least in the Israeli CPI) one of the most complicated ones to measure. While we have attempted to build consumer profiles based on information gathered in multiple sources – success is only partial. Changing consumer patterns at the rapid speed of technology deem constant basket methods as unsuitable to capture actual market trends.

Based on our analysis of the cellular market we have realized that micro data as received in the fixed services market is more than crucial, but unattainable. Therefore, we modeled the price index for cellular services by using micro indices for each of the components of cellular services. These generally include:

- Price of phone and related devices
- Membership fees
- Price for usage of airtime

Indices would then be computed in this fashion for the more popular packages and aggregated for market share of companies.

While results seem to be sound statistically, we feel that more detailed micro information (by seconds or at least by minutes) are needed to enable us to compute indices that would be price comparable between the base period and current period of the index. The cellular companies are reluctant to supply such information due to the competitiveness of the market. We are searching for more elaborate methods to profile consumption habits and aggregate the prices of different plans and (or) components of the cellular market.
Summary

We have tried to present in this paper some of the methods adopted at the Bureau of Statistics in Israel to compute price indices for the telecom market. This market is growing at an ever-increasing rate, consumption of individuals and households are rising while relative prices are decreasing. The competitive nature of this market has led the telecom companies to devise complicated marketing and pricing schemes. Statistical offices encounter difficulties in gathering the information needed to devise suitable price indices for a CPI. The telecom companies are usually non-cooperative in revealing micro data needed for computation of an index. This forces us to make, at times, strong assumptions, on the consumption patterns of the index population. In Israel we have been successful in gathering vital information on consumption patterns of the population and “traffic” of local and international telephony services. This has enabled us some flexibility in simulating and computing viable price indices for these services. However, the cellular telephony market remains very complicated and competitive – forcing us to make best judgement estimates on consumption patterns of the dozens of pricing schemes offered by the market. While Internet services are also quite difficult to estimate, their weight in the index is much lower at the moment. If the Internet services will include in the near future other forms of telephony services and will be transmitted through cable and satellite TV – these will be added on to the list of services that need special indices to capture the price movements in the market. Price indices for broadcasting services like radio, television, cable TV and satellite TV were beyond the scope of this paper but will be have to tackled in the near future.
## Appendix A: Summary Methodology of the Israeli CPI

### I. Analytical Framework, Concepts, Definitions and Classifications

**Definition:** measures the change in prices which consumers must pay for a fixed market basket of consumption goods and services in urban areas.

**Classification:** consumption products classified by branch and economic activity similar to CPC and aggregated to subgroups and groups very similar to COICOP.

### II. Scope of the data

**Population coverage:** all families residing in urban areas with 2,000 or more population.

**Geographic coverage:** all urban areas of Israel from sample of 50 localities selected using probability sampling based on size of total household expenditures.

**Item coverage:** all goods and services intended for consumption including applicable taxes and fees on the products at the time of sale; there are 10 major groups, 120 subgroups and 1370 items.

### III. Accounting Conventions

**Timing of price observations:** most prices collected monthly spread throughout the four weeks of the month.

**Types of prices:** cash transaction price at the time of purchase including discounts (when available to all purchasers) and sales prices.

### IV. Nature of Basic Data

**Sources of weights:** 1998/99 Household Expenditure Surveys (HES) of 6,000 households, annually, in 180 localities in which both a diary was kept for daily expenditures and a recall questionnaire was used for less frequent expenditures.

**Time period of current weights:** two years covering the period January 1998-December 1999; expenditures are price updated to the 2000 average.

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2 Main source: Dissemination Standards Bulletin Board, International Monetary Fund Website. The data in this appendix were updated according to the latest base period: 2000 = 100.0 points.
Frequency of weight updates: the last weight update occurred in January 2001 with the previous update in January 1999; the next one is planned for January 2002.

Item selection: Items accounting for 0.1% or more in the HES were selected; less important items were selected only when no suitable items to represent their price movements were available; the specific varieties were selected by enumerators in outlets based on the variety with the largest sales volume.

Outlet selection: Based on size of sales within locality and industrial branch using administrative records for VAT collections.

Sample sizes: On average 40,000 price quotations are collected for 1,370 items in 2,000 outlets and 500 households.

Price collection methods: For most items, the outlets (about 1,300) are staggered into 4 groups with one group collected during enumerators' visits each week; fresh fruits and vegetables prices are collected for a specific reference day during the week. Prices are recorded on collection forms. For services like electricity, gas, water, medical care, transport and communications, prices are collected by mail or telephone from 700 reporting sources. Rent information and household domestic service prices are collected by telephone.

Item/variety specification: General specifications provided and enumerators’ complete details (e.g., brand, make, and quality) on computerized collection forms at the first collection.

V. Compilation Practices

Reference period: 2000 = 100.0 points.

Methods used to combine basic price observations: the un-weighted average price for the month is compared to the previous month average; the resulting price relative is multiplied by the previous month's index to derive the current month index for each item.

Formula for aggregation: The Laspeyeres formula is used in which the item index for the current month is weighted by the base period expenditure weights to derive the higher level indices.

Method used to update weights for price change: The expenditure weights from the HES were updated for price changes by using the change in the comparable price index between the average for the 1998/99 HES surveys and the average for 2000.
Linking method: The December 2000 index was calculated using both the old (1998 =100) and the new market baskets (2000=100). The ratio of the new index to the old index provided the linking factors for conversion.

VI. Other Aspects

Missing prices: When no item is available, the price movement is imputed using the price change for the same item in other outlets or, if not available in any outlets, the price movement in similar items.

Quality differences: When large quality changes occur, the varieties are linked into the index so that their introduction does not affect the price level. Small quality changes are considered as a change in price. Direct quality adjustments are made only in some special cases, when there are enough characteristics to estimate the price effects.

Replacement items: When a variety is permanently unavailable, enumerators select a replacement with as many of the same quality characteristics as possible. New items are introduced when the market basket is updated.

New items: List of items reviewed each January and new products added.

Seasonal items: When temporarily unavailable, price changes are estimated on the basis of price movements for similar items. When item again appears, its price is compared to the price when last available.

Owner-occupied housing: Shelter services for owner-occupied housing was included using the alternative rent method. Weights in the base period are derived from the rental cost of equivalent households to those possessed by the homeowners. The monthly index change is based on a sample of rental apartments throughout the country.

Verification of procedures: The prices collected in the field are keyed into computer systems that perform logical and statistical checks. CBS staff handles prices with large variations. The Price Division specialists analyze every item index to ensure that movements are consistent with information about commodity and retail markets.

Seasonally adjusted indices: Prepared monthly for several item groups such as fresh fruits, fresh vegetables, clothing, footwear, vacations, travel abroad, etc. by the X-11 ARIMA method. A seasonally adjusted total CPI is obtained by the indirect aggregation method.
The Data: Coverage, Periodicity, and Timeliness

<table>
<thead>
<tr>
<th>Coverage characteristics</th>
<th>Data are disseminated on the consumer price index, a Laspeyeres index (2000=100) measuring the change in household expenditure necessary to buy a &quot;basket&quot; of commodities and services. The index covers 1,370 goods and services. Each month 40,000-price quotes are obtained from 2,000 outlets and 500 households. Prices for goods (about 60% of the items) are collected on a weekly basis, while those for services are collected on a monthly basis. The prices include all indirect taxes, such as VAT and purchase tax. The weights used in the index are obtained from the 1998/99 household surveys covering all income groups in urban households (about 90% of the total population). The base year has changed in past every 5-6 years, when data on the consumer basket are updated on the basis of Household Expenditure Surveys. As of 1997, Household Expenditure Surveys are conducted annually, thus leading to a policy of more frequent updating. The data for several consumption groups (fresh fruit and vegetables, clothing and footwear, vacations and travel abroad) are seasonally adjusted, and seasonally adjusted indices for these groups are published in addition to the unadjusted indices.</th>
</tr>
</thead>
</table>
A notice informing the public that the advance release calendars are disseminated on the Internet is published in a weekly CBS press release "An Update of CBS's Press Releases' Publication Calendar for the Week of..." which is available, free of charge, in both Hebrew and English.

| Simultaneous release to all interested parties | The data are released simultaneously to all interested parties by issuing the press release "Price Indices for xx xxxx [Month, Year]" at 17:00 on weekdays, 13:30 on Fridays. On the same day, the data in the press release are posted on the CBS's Internet website (http://www.cbs.gov.il). |
| Dissemination of terms and conditions under which official statistics are produced, including ... confidentiality of individual responses | All statistics collected and published by the CBS are governed by the Law of Statistics (1972, as amended in lawbook 908, 1978) and by the Statistical Ordinance.

The Law on Statistics:

(1) Establishes that the Government Statistician, who is authorized to direct the statistical systems in the institutions of the state, heads the CBS.

(2) Demands that the Government Statistician act on the basis of scientific considerations.

(3) Stipulates that the CBS cannot publish, or otherwise make available to any individual or organization, statistics that would enable the identification of data for any individual person or entity.

The Statistical Ordinance (sections 3.1 and 16) requires that the data on consumer prices be disseminated to the public.


| Identification of internal government access to data before release | No officials outside the CBS have access to the data prior to their release to the public. |
| Identification of ministerial commentary on the occasion of statistical releases | No ministerial commentary is attached to the release of the data. |
| Provision of information | The data are final when first released and are not subject to revision. |
### Quality

| Dissemination of documentation on methodology and sources used in preparing statistics | A comprehensive description of methodology is published in the technical series publication No. 60, "Consumer Price Index", which is available in Hebrew, for a fee, from the CBS contact person. (See also [summary methodology](#)) |
| Dissemination of ... that support statistical cross-checks and provide assurance of reasonableness | The "Price Statistics Monthly" publishes monthly time series data on (1) the overall consumer price index; (2) indices for subgroups classified by commodity and service (about 160) and single items (about 170); and (3) indices by industrial branch of origin.  

The "Monthly Bulletin of Statistics" publishes monthly and annual data on: (1) the general consumer price index; (2) the consumer price index excluding dwellings; and (3) the consumer price index excluding fruit and vegetables.  

The monthly "Selected Economic Indicators" publishes data similar to those in the "Monthly Bulletin of Statistics".  

The annual "Statistical Abstract of Israel" publishes annual time series data for the main components of the consumer price index. |

### Notes:

[Summary page on observance and transition plan](#)