



Development Planning Unit

Government of the British Virgin Islands

## Revision of the Consumer Price Index

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British Virgin Islands (BVI) Consumer Price Index was initiated in May 1972. The May 1972 base was revised with January 1979=100. The subsequent revision was March 1985 followed by the recent revision of March 1995 as base. The 1985 revision was based on a household expenditure survey conducted in September 1983.

The 1994-95 Household Income and Expenditure Survey was a first comprehensive in the BVI which covered a 5% sample of households selected by systematic random sampling

Data collection in this survey consisted of four rounds of field surveys, which covered a whole year. The results of this survey have been used to revise the content of the CPI basket recently in the 1995 revision.

*British Virgin Islands Consumer Price Index* – the monthly reports are first published as a monthly newsletter from the Development Planning Unit, Ministry of Finance, Central Administration Complex, Tortola, British Virgin Islands. They are normally published in a month time i.e. January CPI is published by end of February and so on for subsequent months. A summary press release is also issued by the Department of Information and Public Relations, Chief Minister's Office. Starting from January 1998 issue it is also published in The Virgin Islands Official Gazette.

### The Collection of Prices

In the British Virgin Islands, price collection is done on a monthly basis on Thursday and Friday following the middle of the month (usually around 15<sup>th</sup>). These are the steps taken for the collection of prices:

- The sheets for the collection of prices are prepared by recording the last month's prices in a column on the current month pricing sheets to ensure full coverage of the basket as well as comparison.
- The specifications of items to be priced are given in detail based on the results of the Household Expenditure Survey. Specifications are given in terms of brand, make, quality and size.
- When a product disappears from the market, a similar product substitutes it.

Prices are collected from the different outlets (stores, supermarkets and business places) on monthly, quarterly and half-yearly periods.

- The prices used in the calculation of the Index are retail prices prevailing in the market and actually paid by consumers.

Prices are collected for around 200 items. The major groups are: 1. Food, beverage and tobacco; 2. Housing; 3. Furniture and household supplies; 4. Clothing and footwear; 5. Transportation; 6. Services and 7. Miscellaneous.

The Food group consisted of meat, fish & poultry; dairy products, fats & oils; fruits & vegetables; cereals as well as meals taken out. Beverages included alcoholic and non-alcoholic both . Housing covered rent, electricity, water, gas, cable TV , house insurance and repairs etc. Furniture and household supplies covered from mosquito coils & insecticides to beds complete and from detergents- soap powder to refrigerator. Clothing & footwear included from pampers to ladies dress and from men's shirts to children's shoes and sneakers. Transportation included cars & repairs, Fare-air, boat & taxi etc. Doctor's fees, school supplies and telephone etc were covered under services.

The frequencies of collection of prices for the following major groups are :

Major groups	Collection of prices
Food,beverage & tobacco	Monthly
Housing	Semi-annually
Furniture and household supplies	Monthly/Quarterly
Clothing and footwear	Monthly/Quarterly
Transportation	Semi-annually
Services	Monthly/Quarterly
Miscellaneous	Monthly

#### The Relative Importance of Items in the CPI basket

The weights and selected items derived from January 1979 family expenditure survey were used until 1985. Based on the results of 1983 family expenditure survey, CPI was revised with the base March 1985 = 100. This has been recently revised based on the results of 1994/95 Household Income & Expenditure Survey. The last two weighting compositions are shown below:

Major groups	1984/85		1994/95	
	No of items	Weights	No of items	Weights
Food,beverage & tobacco	102	400	85	268
Housing	11	206	11	195
Furniture & household supplies	24	62	28	118

<b>Clothing &amp; footwear</b>	<b>22</b>	<b>115</b>	<b>29</b>	<b>151</b>
<b>Transportation</b>	<b>12</b>	<b>114</b>	<b>11</b>	<b>117</b>
<b>Services</b>	<b>9</b>	<b>82</b>	<b>16</b>	<b>99</b>
<b>Miscellaneous</b>	<b>15</b>	<b>21</b>	<b>10</b>	<b>52</b>
<b>Total</b>	<b>205</b>	<b>1000</b>	<b>190</b>	<b>1000</b>