

**TERMS OF REFERENCE FOR THE TASK FORCE TO UPDATE THE
CANBERRA GROUP HANDBOOK ON HOUSEHOLD INCOME STATISTICS**

Note prepared by Statistics Canada

I. BACKGROUND

1. In a note tabled at the October 2008 meeting of the CES Bureau, Statistics Canada presented a paper on options for further work on income, wealth and poverty measurement. The proposal had two components: a narrower focus on improving the income concept per the Canberra Handbook; and broader work on integration of wealth, income and expenditure.
2. The CES Bureau agreed that a Task Force be set up on the practical implementation of the Canberra Group Handbook reflecting new developments in the measurement of income. They recommended that Canada approach the UNSD for the possibility of setting up a City Group for the broader work.
3. The proposed Task Force's mandate would be to develop practical implementation guidelines of the Canberra Group Handbook. These guidelines should reflect recent advancements in income measurement in specific areas such as imputed rent, in-kind benefits, and capital gains and losses.

II. OBJECTIVES OF THE TASK FORCE

4. It is proposed that the overall objective of the work of the Task Force be three-fold:
 - (a) To update the Canberra Handbook with new advancements in the area of household income measurement; the Handbook could also discuss practical issues related to possible data sources (administrative data, survey data, data coming from international databases such as the Luxembourg Income Study), along with possible strengths and limitations (this should be discussed at the conceptual level rather than at the practical level).
 - (b) To expand the current guidelines set out in the Canberra Handbook to take into account these new concepts; the task force could also update which countries depart for the recommendations of the handbook
 - (c) To establish a set of quality assurance guidelines for countries to assess the quality of their income estimates. Income is measured differently in the system of national

accounts and in most social surveys. Part of the quality guidelines may be based on reconciliation between micro and macro estimates, when this is possible.

Each of these objectives will help achieve greater harmonization of income concepts across countries.

5. The Task Force is expected to:

(a) Gather intelligence and update the inventory of current concepts/definitions of income among countries to determine how these may have changed/advanced;

(b) Assess these developments against the current recommendations outlined in the Canberra Handbook;

(c) Identify new concepts and methods for operationalizing these concepts not currently included in the Handbook;

(d) Provide guidance on how to achieve greater harmonization of income measurement across countries by developing practical guidelines for measuring existing and new household income concepts/definitions;

(e) Establish key quality assurance guidelines for income measurement. These guidelines should include reconciliation to external sources.

III. ACTIVITIES OF THE TASK FORCE

6. It is anticipated at this time that the activities of the Task Force would be as follows:

(a) Update the current inventory of existing income definitions/concepts used by countries. This inventory should also include the various approaches and methodologies used for measuring income;

(b) Map existing definitions and concepts of income used by countries against the Canberra Handbook to identify current gaps;

(c) Broaden the intelligence gathering through discussions and involvement with key international academics and researchers;

(d) Evaluate the strengths and weaknesses of the different approaches to defining and measuring household income;

(e) Compile a set of guidelines and recommendations for defining and measuring household income based on best practices and advancements identified in this area, including property income, self-employment income, own account production, imputed rent for owner occupied dwellings, social transfers in-kind, inter-household transfers and capital gains;

(f) Consider any further reporting/consultation requirements, such as to the International Conference of Labour Statisticians regarding any changes recommended to the income standards, and to the proposed City Group regarding any crossover implications to the work on the two forums;

(g) Present final report to the CES Bureau.

7. The Task Force may come to a view that it needs to broaden or reduce the scope of the activities described above, based on deliberations and the nature of the work that unfolds. It is suggested that the Task Force be allowed to do that if it can form a consensus.

IV. TIME FRAME

8. It is anticipated that the complete work of the Task Force will be concluded for the recommendations and results to be presented at the February 2011 meeting of the CES Bureau.

V. COMPOSITION OF THE TASK FORCE

9. Representatives from Austria, Australia, Canada, United States, Eurostat, OECD and CIS-STAT would like to participate in the Task Force. All other CES members are welcome to participate.

VI. SYSTEM OF WORK AND POSSIBLE MEETINGS

10. Once the CES Bureau approves the terms of reference, the Task Force will meet via conference call to agree upon deliverables and timelines. Tasks will be assigned to various members and the Chair and Secretary will be agreed upon.

11. The members of the Task Force are expected to agree on the division of labour and, to reduce costs, work mainly via e-mail and conference calls. Currently, no meetings of the Task Force are planned; however, a face-to-face meeting may be necessary early in the process and a second face-to-face meeting for discussing and agreeing upon final draft recommendations for implementation guidelines. There would be an attempt to coordinate any such meetings with the City Group if one is to be established.

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