



**Assessment of sources and methods used in  
the provision of basic information for  
Purchasing Power Parities (PPPs)**

**COUNTRY: Austria**

**2022**



## CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website.
3. The current assessment report is based on the information presented by Statistics Austria in the "PPP Inventory of sources and methods", version January 2022, as well as on other data and reports prepared in the context of the PPP programme. In addition, information provided during a videoconference on 24 November 2022 is taken into account.

## ORGANISATIONAL ISSUES

4. The unit "Prices and Purchasing Power Parities" at Statistics Austria is part of the Directorate for Macroeconomic Statistics, which is also in charge of National Accounts, Sector Accounts and Public Finance, and Public Accounts and Tax Statistics. The core PPP team consists of the national coordinator (full-time), and two experts, one full-time and one part-time. Staff in the CPI/HICP team assist with subject matter expertise whenever necessary, and with the implementation of transaction data. The total amount of resources in 2023 is estimated at 37 months, not including input from other units within Statistics Austria or from external sources.

The data on housing services is provided by the Directorate Social Statistics and the National Accounts Division, while the data on the compensation of government employees is collected by the PPP team from various government sources. The two capital goods surveys – on construction and equipment goods – are outsourced to an external company. The hospital survey is based on data provided by the Ministry of Health.

5. Statistics Austria publishes metadata and selected indicators based on Eurostat's releases in the form of tables and graphs. They provide users with a tourism-focused infographic on price levels, but no dedicated articles on PPP-related topics.



## **FINDINGS BY PPP SURVEY**

### **Consumer goods and services**

6. The surveys on consumer goods and services are carried out by the PPP team without the need for dedicated price collectors. This means that all team members are involved in all aspects of the surveys, from preview to validation, and gain thorough experience about market conditions. Each team member is responsible for a number of specific basic headings. Like in most countries, outlets are selected on a purposive basis, i.e. without any formal sampling procedure. Traditional price collection (outlet visits) is widely used except in the survey on food, beverages and tobacco. In that survey, only transaction data from the main retail chains, covering 92 percent of the market, was used in the E21-1 survey. Transaction data is also used for certain basic headings in the survey on goods and services for personal appearance, and efforts to extend the use of such data to other surveys should be encouraged. However, it should be ascertained that the use of transaction data does not produce any systematic bias due to the exclusion of certain shop types.
7. No significant price level differences are assumed to exist within Austria, i.e. the spatial adjustment factor equals 1 for all basic headings except accommodation services. This rests on the assumption that consumption patterns are similar and that the major retail chains maintain a homogeneous pricing policy throughout the country. A quantitative analysis based on CPI data could provide further evidence.

### **Housing services**

8. Austria uses the price approach, but as a linking country provides quantity approach data as well. Price data and detailed data on the dwelling stock are provided by the Micro-Census Unit in the Directorate Social Statistics, Section for Living Conditions and Social Protection, while the National Accounts Division provides aggregate dwelling stock and expenditure data. The micro-census is a quarterly survey and the data is used both in National Accounts and in the PPP rents questionnaire. The data conforms to the definition of actual rents in the context of the PPPs. Imputed rents are simply copied from the actual rents paid by tenants. It is recognised that this is not an optimal approach, due to the structural differences between the rental and the owner-occupied housing market. Potential ways to overcome this issue should be investigated. The quantity approach data is based on the 2011 census updated with data from the micro-census.

In view of Austria's role as a linking country, any discrepancy between the dwelling stock measure used in the quantity approach and in the price approach should be investigated and, if possible, eliminated.

### **Compensation of government employees**

9. The PPP unit compiles that data on the compensation based on payroll data from the Federal Government and from the City of Vienna. The latter is assumed to reflect compensation levels in the regional and local government sector throughout Austria. Data from the two sources are weighted with the number of staff in each sector (central versus regional and local government). National accounts provide the data on social contributions, in line with the survey guidelines.



## Hospitals

10. The input data for the calculation of hospital PPPs is provided by the Federal Ministry of Social Affairs, Health Care and Consumer Protection. Their data source is the nationwide Cost Centre Accounting System, which is mandatory for all hospitals. Validation is undertaken by Statistics Austria in cooperation with the data provider.

## Education

11. Spatial volumes and PPPs for education are calculated by Eurostat based on the UNESCO/OECD/Eurostat (UOE) database. Countries are encouraged to check the data with their education experts, especially if Eurostat has made imputations to fill in gaps in the UOE data.

## Equipment goods

12. The two surveys on capital goods have for many years been outsourced to a commercial company. The contractor works closely with the PPP team during all phases of the survey. Market information (during the pre-survey) and price data are obtained primarily from the Internet and to some extent directly from suppliers, either by email or by phone. The relative importance of Internet prices is higher in Austria than in most countries, and has gradually increased in recent years.

## Construction

13. The contractor for the construction survey is the same as for equipment goods. They have long experience with both surveys, and take part not only in pricing the bills of quantities, but also in the validation process. The main data sources are current tenders, specific price inquiries and price lists from suppliers.

## VAT on capital goods

14. Statistics Austria confirms that only non-deductible VAT is included.

## Expenditure weights

15. The expenditure weights are prepared by the National Accounts Division. Almost all basic heading expenditures can be estimated based on National Accounts data. Gaps – which only occur in a few cases – are filled by the PPP team using detailed HICP weights.



## CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR STATISTICS AUSTRIA

Austria complies well with the PPP Regulation. The data is generally of good quality and the resulting PPPs are plausible. Some potential improvement points raised during the discussions are summarised in the table below.

Topic	Action points
1 Organisation	Consider the establishment of a national dissemination policy for PPP statistics.
2.1 Consumer goods and services	Continue to explore and implement new data sources in the PPP data collection process. Consider further investigation into spatial adjustment factors, possibly based on CPI data.
2.2 Housing	Look into potential ways to improve the quality of the data on imputed rents. Investigate any major deviation in the dwelling stock data used in the quantity approach and in the price approach.
3.1 Compensation of government employees	None.
3.2 Education	None.
3.3 Hospitals	None.
4.1 Equipment goods	None.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	None.