



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

COUNTRY: Slovak Republic

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 the Statistical Office of the Slovak Republic (hereafter SO SR) 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 14 February 2022 is taken into account.

ORGANISATIONAL ISSUES

4. The PPP work at the SO SR involves staff from the Price Statistics Department, which is part of the Business Statistics Directorate, and from the Sector Accounts Department, which belongs to the Macroeconomic Statistics Directorate. The national PPP coordinator sits in the Sector Accounts Department. Staff at the SO SR regional office in Bratislava are involved in the PPP exercise as price collectors. Staff members, including the national coordinator, are not working full-time on the PPPs. The involvement of two different departments within the organisation ensures close cooperation with both the NA and CPI domains. The surveys on equipment goods and construction are outsourced to commercial companies. There is currently no national dissemination policy in place.



FINDINGS BY PPP SURVEY

Consumer goods and services

5. The surveys on consumer goods and services are carried out by two staff members in the Price Statistics Department and a team of six price collectors from the SO SR Bratislava office. Further assistance from other staff members is provided if necessary. During the preview and pre-survey phases, the Internet is the most important source of information. Price collection takes part only in the capital, except for tourist accommodation. The sample of outlets is based on the CPI sample. The price surveys are carried out in line with the traditional approach based to a large extent on price collection in physical shops. At present, no transaction data are used, but the CPI will implement transaction data from the five biggest supermarket chains next year. This means that data should be available for the 2024 PPP survey on food and beverages as well.
6. The last analysis of spatial price differences was made in 2013. In line with the PPP Regulation, it is recommended to investigate this topic again in order to update the spatial adjustment factors.

Housing services

7. The Slovak Republic uses the quantity approach. The data are compiled by the Sector Accounts Department. Dwelling stock data from the 2011 census are extrapolated by data from quarterly housing statistics, while the quality indicators from the census are assumed to be unchanged.

Compensation of government employees

8. The data on the compensation of government employees are compiled by the Sector Accounts Department, based on data from Trexima. This is a private company conducting a sample survey on salaries under a contract with the Ministry of Labour. The survey covers all sectors of the economy, including all levels and branches of government except the military. Employers' social contributions (D121 and D122) are extracted from National Accounts and added to the salaries in line with the survey guidelines.

Hospitals

9. In previous years, access to data has been difficult due to organisational issues. This has led to a number of gaps in the data, especially for surgical cases. As from 2022, the data source is administered by the Ministry of Health. This is expected to result in improved access for the purposes of the PPP exercise. The DRG system is not yet fully implemented in the Slovak Republic.

Education

10. The survey is carried out by Eurostat based on data in the UOE education database. Countries should check the data, especially if Eurostat has made imputations due to gaps in the database.

Equipment goods

11. The equipment goods survey is outsourced to an external company which is involved in all stages of the survey process. The SO SR also takes an active role, particularly in the preview and presurvey stages. Prices and product data are collected partly from the



Internet, partly by contacting businesses directly. The SO SR is encouraged to liaise with the contractor in order to ensure continued compliance with all requirements of the exercise.

Construction

12. The construction survey is outsourced to a commercial company which is involved in all stages of the survey process. The contractor maintains a comprehensive database of unit prices for construction works and materials. A different database maintained by the SO SR is used for cross-checking purposes in order to ensure the quality of the data.

VAT on capital goods

13. The SO SR confirms that only non-deductible VAT is included.

Expenditure weights

14. The expenditure weights are compiled by National Accounts. Below the three-digit level, the breakdown for Household Final Consumption Expenditure is based on data from the Household Budget Survey (HBS). The most recent HBS data are from 2015, and the structure at four-digit level and below has been kept constant since then. The 2020 HBS structure will be implemented in 2022 or 2023. In future, a subset of HBS data will be used to update the detailed breakdown on an annual basis. The breakdown for the government sector is taken directly from annual (t-3) or quarterly (t-2 and t-1) accounts, while the breakdown for Gross Fixed Capital Formation is compiled from the investment matrix.



CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR THE STATISTICAL OFFICE OF THE SLOVAK REPUBLIC

The Slovak Republic complies well with the PPP Regulation. The data are 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 establishing a national dissemination policy for PPP results.
2.1 Consumer goods and services	Continue efforts to explore and implement new data sources (transaction data, administrative data, web-scraping), in particular with a view to implementing transaction data in the next survey on food, beverages and tobacco. Update the spatial adjustment factors last estimated in 2013.
2.2 Housing	None.
3.1 Compensation of government employees	None.
3.2 Education	None.
3.3 Hospitals	Liaise with the Ministry of Health in order to ensure stable access to data and to increase the coverage of cases in the PPP hospital survey.
4.1 Equipment goods	Liaise with the subcontractor in order to ensure continued compliance with all requirements of the exercise.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	None.