



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

**COUNTRY: Belgium**

**2021**



## 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 Statbel in the "PPP Inventory of sources and methods", version January 2021, as well as on other data and reports prepared in the context of the PPP programme. In addition, information provided during a videoconference on 28 October 2021 is taken into account.

## ORGANISATIONAL ISSUES

4. Statbel as an organisation is imbedded in the Federal Public Service (FPS) Economy. Within Statbel, the PPP team is part of the Directorate of Economic Statistics. This directorate is in addition to PPPs also in charge of consumer price indices, structural business statistics and short-term statistics, and agricultural statistics. The PPP team consists of the national coordinator and one officer, both working full-time and with long experience in PPP work. Statbel maintains a Data Collection Centre which provides price collectors and other support.
5. The PPP team is responsible for the overall coordination of the PPP work and carries out the surveys on consumer goods and services and on compensation of government employees – the latter in cooperation with other administrative bodies. The National Bank of Belgium, which works closely with the PPP team on several aspects of the PPP exercise, provides the GDP expenditure breakdown and data for the rents survey, as well as tips and VAT. Data for the hospital survey are provided by the National Institute for Health and Disability Insurance, while the two surveys on capital goods (equipment goods and construction) are subcontracted to private companies.



## **FINDINGS BY PPP SURVEY**

### **Consumer goods and services**

6. The surveys on consumer goods and services are carried out by the PPP team, assisted by price collectors and other staff from the Data Collection Centre during the presurvey and survey phase. Experience from previous surveys, information from the Internet, from other administrative bodies and from the CPI are important data sources in the preview and presurvey. Price collection takes place in several cities throughout the country. For some products, prices from the Internet or from catalogues are used, while prices for medicines are collected from a database. Transaction data from four supermarket chains, including one discounter, representing around 85 percent of the market are used mainly in the food, beverages and tobacco survey and in other surveys on consumer goods and services wherever possible.
7. Implementing transaction data has turned out to be a labour-intensive exercise, especially because no additional resources are foreseen for this task. In view of the increased accessibility and importance of transaction data, Statbel is encouraged to ensure that the full potential of such data can be exploited.

### **Housing services**

8. The PPP rents questionnaire is filled in by the National Bank of Belgium. Data on the number of dwellings are based on the 2011 census extrapolated by cadastral data for the subsequent years. Rents data are derived from the Statistics on Income and Living Conditions (SILC) survey. Since the types of apartments listed in the PPP questionnaire do not correspond to those used in the framework of the national accounts, the rents for flats larger than two rooms are adjusted with data from Statbel's tenant survey. For owner-occupiers, an adjustment is made in order to comply with the requirement that imputed rents should refer to unfurnished dwellings. The surface area of dwellings is based on the 2001 census, since more recent information is not available. The validation process is undertaken by the PPP team in cooperation with the National Bank.

### **Compensation of government employees**

9. The PPP team collects data for the "salary survey" from various sources, notably the FPS Policy and Support, the FPS Justice, the FPS Finance, the National Bank of Belgium and regional education administrations. At the federal level, a common salary scale is applied, and data are readily available. At the level of the regions and communities, and at local level, it often proves challenging to obtain data. For most occupations, the salaries are indexed salary scale averages for the entire career. Data on social contributions are obtained from National Accounts, in line with the survey guidelines.

### **Hospitals**

10. The questionnaire is filled in by the National Institute for Health and Disability Insurance combining billing data provided by insurance companies with activity data coming from the FPS Public Health. Since Statbel does not have specific expertise in this field, more explicit involvement of the data providers in the validation process would be desirable.



## **Education**

11. No particular findings. Volume indices and PPPs for education are calculated by Eurostat based on in-house data. Countries only need to check if there are imputations, gaps or apparently implausible results.

## **Equipment goods**

12. The equipment goods survey is outsourced to a commercial provider on a multi-annual contract. Communication between the PPP team, the national contractor and Eurostat's contractor is good. Based on several years of experience, the contractor has a good overview of suppliers who can be consulted if information cannot be found online. Price data are collected from the Internet, via email and telephone. The validation work is shared between the contractor and the PPP team.

## **Construction**

13. Like with equipment goods, the construction survey is outsourced to a commercial company on a multi-annual contract. The contractor carries out the entire survey, from presurvey to validation. The most prominent data sources are winning bids for private or public tenders, estimates by public services for civil engineering projects, and price data from various databases.

## **VAT on capital goods**

14. Statbel confirms that only non-deductible VAT is included.

## **Expenditure weights**

15. The detailed expenditure breakdown is compiled by the National Bank of Belgium. Links between the PPP expenditure breakdown, COICOP at detailed level and the classification of products in the supply and use tables enable efficient compilation of data for the PPP questionnaire. For household final consumption expenditure, the Household Budget Survey is the most important data source. For non-profit institutions serving household, and for general government, no specific adaptations are required for the PPP questionnaire. For gross fixed capital formation, basic heading expenditures are calculated on the basis of SUT products and – for construction – non-financial assets.



## CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR STATBEL

Belgium 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	None.
2.1 Consumer goods and services	To continue the efforts to explore and implement new data sources (administrative data, transaction data, webscraping), and ensure that sufficient resources are available for that purpose.
2.2 Housing	None.
3.1 Compensation of government employees	Liaise with government at all levels in order to establish more reliable data sources, in line with the recommendation to prioritise annual average salaries based on government payroll data.
3.2 Education	None.
3.3 Hospitals	Liaise with the data providers in order to improve communication, notably as concerns validation.  For the most recent reference year, try to come up with better estimates than the ones based on salaries unless actual data can be obtained by the deadline.
4.1 Equipment goods	None.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	None.