



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

COUNTRY: Croatia

2016



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 Croatia Bureau of Statistics (CBS) in the "PPP Inventory of sources and methods", version May 2015, as well as on other data and reports prepared in the context of the PPP program. In addition, the information provided during a visit to the CBS on 18 February 2016 is taken into account.

ORGANISATIONAL ISSUES

4. In Croatia, the PPP unit is part of the GDP by Expenditure Approach Department which is one of the four departments that belongs to the Economic Statistics Directorate. The National Accounts and Price Statistics Departments are also allocated to this Directorate. Most of the data for PPP purposes are provided by these departments. All PPP surveys are managed by the PPP team, which consists of the PPP national coordinator who is also Head of the Economic Statistics Directorate and one employee who works full time on the PPP project. Staff from other departments is integrated in the PPP activities when needed as well. Generally, the staff involved in the PPP program shows a very good understanding of the specific PPP requirements.
5. All consumer goods price surveys (pre-survey work, preparation, price collection, validation of price data and documentation) are coordinated and conducted by the two members of the PPP team in collaboration with 4-6 price collectors (employees of the Economic Statistics Directorate). The survey on compensation of government employees is completed by the PPP coordinator.
6. The pre-survey and validation of the equipment goods survey is done by the PPP team, while the price collection is shared with an external expert. The construction survey is fully outsourced.
7. Data on the housing stock are provided by the PPP team in close co-operation with the Construction Statistics Department (Business Statistics Directorate).



8. The expenditure weights, non-deductible VAT and tips are provided by the staff from the GDP by Expenditure Approach Department and National Accounts Department.
9. The Croatian Health Insurance Fund provides data for the hospital survey.
10. The CBS publishes results on GDP by PPPs in the publication Statistical Yearbook. In the future, this information will be also available on the CBS's website.

FINDINGS BY PPP SURVEY

Consumer goods and services

11. The organisation and conduction of the consumer goods price surveys satisfies the methodological requirements and ensures the provision of reliable basic information for the production of PPPs. The PPP team has a good knowledge of the consumer goods markets. Market information is gathered in different ways depending on the type of product and in close cooperation between PPP team and price collectors.
12. The CBS provides prices for consumer goods and services collected in Zagreb, the capital city. Following the assumption that the capital city price levels are very close to the national average level, no spatial adjustment factors (SAFs) are calculated. Therefore the reported SAFs are equal to 1.
13. The CBS should investigate the feasibility of calculating Spatial Adjustment Factors at the BH level.

Housing services

14. The CBS provides data on the dwelling stock basing on the most recent Housing Census 2011. These data are validated and adjusted with the net rate of under-covering from the Post Enumeration Survey.
15. The CBS should investigate if the definition of the room and the treatment of the kitchen are consistent with the Census definitions.

Compensation of government employees (salary survey only)

16. The data source for determining the average annual gross salaries in Croatia is salaries payroll schemes and information obtained from the Collective Agreement for Civil Servants and Civil Service Employees and the Regulation on job titles and complexity coefficients in the civil service. The average annual gross salary is determined through an expert's judgment about the typical salary grade for a particular occupation, monthly gross salaries for selected occupations for employees with fulltime jobs and for the requested skill level of the occupation.
17. In 2014, the Public Sector Staff Register for reporting the compensation of employees in the government sector has been introduced and has become a main data source for PPP salary survey. For this reason it is recommended to evaluate the new data source and investigate the impact of the new data source on the results.



18. The CBS should investigate the possibility of providing information on employers' imputed social contributions (D122).

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR CBS

19. Croatia complies well with the PPP Regulation. Its data are in general of sufficient quality and the resulting PPPs are plausible. In the previous sections, nevertheless, some improvement points were raised which are summarised in the table below.

Area	Action points
<i>Organisation</i>	<i>None</i>
<i>Consumer goods and services</i>	(1) Investigate the feasibility of calculating Spatial Adjustment Factors at the BH level.
<i>Housing services</i>	(2) The CBS should investigate if the definition of the room and the treatment of the kitchen are consistent with the Census definitions.
<i>Compensation of government employees</i>	(3) The CBS should evaluate the new data sources for reporting the compensation of employees in the government sector and investigate the impact of the new data source on the results. (4) Include information on using the new data source for reporting salaries and explain in detail the calculations steps. (5) Investigate the possibility of providing information on employers' imputed social contributions (D122).
<i>Education</i>	<i>None</i>
<i>Hospitals</i>	<i>None</i>
<i>Gross fixed capital formation</i>	<i>None</i>
<i>Expenditure weights</i>	<i>None</i>