



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

**COUNTRY: Hungary**

**2017**

## 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 Hungarian Central Statistical Office (HCSO) in the "PPP Inventory of sources and methods", version January 2017, 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 HCSO on 17 May 2017 is taken into account.

## ORGANISATIONAL ISSUES

4. In Hungary, the PPP team is part of the "Consumer Prices" Section (CPI) which belongs to the "National Accounts" department. Currently team consists of two coordinators who are fully involved in the PPP work; one is responsible for coordination of the consumer price surveys and the other for other PPP surveys. The PPP team maintains a good working relations with the "National Accounts", the "Population and Social Protection Statistics" and the "Living Conditions, Labour Market and Education Statistics" departments which are also responsible for providing other PPP data such as the GDP expenditure weights, tips, VAT, salaries and rents questionnaires. Generally, the staff involved in the PPP program shows a very good understanding of the specific PPP requirements.
5. The PPP national coordinator responsible for the consumer goods price surveys (pre-survey work, preparation, price collection, validation of price data and documentation) works in close cooperation with the colleagues within the CPI section. The price collection is handled by 4 price collectors, who also participate in the CPI price surveys and they are employees of a company owned by the Hungarian Central Statistical Office. The prices are collected only in the capital of Hungary, Budapest.
6. The equipment goods survey (pre-survey, price collection and validation) is done by the PPP national coordinator, while the construction survey is fully outsourced.
7. The hospitals survey is conducted in collaboration with the National Institute of Health Insurance Fund Management (NEAK).
8. Information on the housing services is provided by the "Housing Statistics" section of "Population and Social Protection Statistics" department.

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9. The survey on compensation of government employees is completed by the “Labour Market Statistics” section of the “Living Conditions, Labour Market and Education Statistics” department.
10. The HCSO publishes PPP data on their website following Eurostat’s publications of GDP per capita volume indices.

### **FINDINGS BY PPP SURVEY**

#### **Consumer goods and services**

11. The price collection for the consumer goods surveys is carried out by 4 price collectors in the country’s capital city, Budapest. Market information is gathered in different ways depending on the type of product and in close cooperation between PPP coordinator and field staff. The Spatial Adjustment Factors (SAFs) are calculated on the basis of CPI data. The PPP team has a good knowledge of the consumer goods markets.
12. The HCSO should investigate the balance of representative and not representative items included in the country list.
13. Hungarian PPP team should investigate if assignment of representativity follows the concept applied in the PPP exercise.

#### **Housing services**

14. The HCSO provides information on housing services based on the quantity approach using as a main data source the last Census of Population and Housing. Data is consistent with the national housing stocks underlying the reported national accounts rent expenditures.
15. HCSO should investigate if the dwellings with central heating included into the calculation follow the required definition (PPP definition).

#### **Compensation of government employees**

16. The main data source for determining the average annual gross salaries in the salary survey is the Structure of Earnings Survey which is carried out annually by the Ministry of National Economy. HCSO takes over the database of the survey.
17. HCSO should clarify the statement on the number of hours reported for each occupation.

#### **Hospitals services**

18. The National Institute of Health Insurance Fund Management (NEAK) is responsible for submission of data and metadata for the Hospital service questionnaire while the PPP national coordinator takes part in the overall organisation of the survey, as well as in the final validation and approval of data.

**CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR HCSO**

Hungarian Central Statistical Office 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.

<b>Area</b>	<b>Action points</b>
<i>Organisation</i>	<i>None</i>
<i>Consumer goods and services</i>	(1) Investigate if the country list is well balanced with the representative and not representative items.  (2) Investigate if assignment of representativity follows the concept applied in the PPP exercise.
<i>Housing services</i>	(3) Investigate if the dwellings with central heating included in the calculation follow the PPP requirements.
<i>Compensation of government employees</i>	<i>None</i>
<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>