



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

COUNTRY: Ireland

2023



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 Central Statistics Office (CSO) of Ireland in the "PPP Inventory of sources and methods", version January 2023, as well as on other data and reports prepared in the context of the PPP programme. In addition, information provided during a videoconference on 2 March 2023 is taken into account.

ORGANISATIONAL ISSUES

4. The PPP work at the CSO is part of the division "Prices", which belongs to the Business Statistics Directorate. The PPP team consists of five staff, two of which work full time while the other three work three to four days a week on the PPP exercise. Aside from the overall coordination of the exercise, the PPP team takes care of the surveys on consumer goods and services, the equipment goods survey and the survey on the compensation of government employees. The National Accounts Division, which belongs to the Economics Directorate, provides the expenditure weights, rents, VAT and tips data. Data for the hospital survey is provided by the Health Service Executive under the Ministry of Health.

The CSO prepares news releases on food, beverages and tobacco when new survey results are published by Eurostat, i.e. every three years. Links are provided to Eurostat's PPP releases. Due to resource constraints, there are no immediate plans to extend dissemination of PPP data at the national level.

FINDINGS BY PPP SURVEY

Consumer goods and services

5. The PPP team is based in Cork, but prices are collected in Dublin. In the preview and pre-survey stage, online information and in-house knowledge from previous surveys are used extensively. For the price collection, a hybrid approach involving shop visits, questionnaires and online pricing is used. Depending on the survey, and the PPP team's assessment of how prices are to be collected, external price collectors may be hired to conduct in-store pricing or to assist with online pricing. The PPP team make decisions on what type of pricing is done per survey. They may ask price collectors to price in shops. They may price online where the shops have good websites, or for items price collectors



cannot find in shops. They may also issue forms or do telephone price collection. Transaction data is not currently used, but the plan is to at least partially implement transaction data in the next survey on food, beverages and tobacco.

Spatial adjustment factors (SAFs) are estimated from CPI data. For hotels, a separate online price collection is carried out. As concerns the temporal adjustment factors, the three basic headings for medical goods should be filled in with data that reflects the full price concept underlying the PPPs, i.e. not HICP data.

Housing services

6. Ireland uses the price approach. The data required for filling in the PPP rents questionnaire is provided by the National Accounts section. Underlying the actual rents data is information provided by households in the Census of Population (COP), which is conducted every five years. Dwelling stock data and information about facilities are also collected in the framework of the COP. Government Accounts provide data of social benefits in kind and this is added to total rents. For the years between COP benchmark years, the Residential Tenancies Board (RTB) rents index and the index of the stock of dwellings are used in order to extrapolate the benchmark results. For rented dwellings, maintenance is usually included in the rent. However, the impact of this on the PPP data is considered to be marginal. The actual rents are imputed to owner-occupied dwellings.

Compensation of government employees

7. The survey is conducted by the PPP team, which collects data on the compensation of employees from several central government bodies: the CSO, the Revenue Commissioners, the Department of Education, the Department of Housing, Local Government and Heritage, the Department of Finance, the Department of Health and Children, and the Department of Justice, Equality and Law Reform. The salaries quoted is a mix of actual payroll data and data based on pay scales. In both cases, the data is assumed to reflect salaries at all levels of government (central, regional, municipal). National accounts provides the data on social contributions. The weights for the sub-headings “public order and safety” and “other collective services” are based on the number of employees, but should ideally be expenditure weights from national accounts.

Hospitals

8. The hospital survey is outsourced to the Health Service Executive, which is a public body under the Department of Health. They provide the data and undertake the validation without much involvement of the PPP team. Mapping of the survey case types and the Irish coding system (ICD10-AM/ACHI) has been conducted with input from coding experts. Quasi-prices are derived from micro-costing which is used for generating initial DRG cost estimates. Currently 15 to 20 hospitals (out of the 48 public acute care hospitals) participate in the micro-costing exercise.

Education

9. The education data is extracted from the UNESCO-OECD-Eurostat education database by Eurostat’s PPP team and applied directly in the calculation of volumes and PPPs. When there are gaps in the data – this is sometimes the case for Ireland – Eurostat’s PPP team will make imputations. Countries should pay particular attention to these imputations and try to assess them for plausibility.



Equipment goods

10. The equipment goods survey is carried out by the PPP team. The pre-survey is mostly carried out online, starting from the assumption that items that were available in the previous survey round will still be available. The starting point for the price collection is the list of suppliers from the previous survey round. Email questionnaires are sent to the suppliers and followed up by written reminders and phone calls, if necessary. Response rates are assessed to be fairly good. Official price lists are used for motor vehicles, and online prices are frequently used for IT equipment and software.

Construction

11. The construction survey has for many years been outsourced to a construction consultancy firm, which takes care of all aspects of the survey. The main data sources are actual tenders, supplemented by estimates based on component prices or on information from specialised suppliers or subcontractors.

VAT on capital goods

12. Non-deductible VAT on capital goods is calculated from national accounts data.

Expenditure weights

13. For household final consumption expenditure (HFCE), the expenditure weights at basic heading level rely heavily on the household budget survey (HBS). The HBS is only carried out once in five years, which means that the basic heading shares remain constant over several years. The structure from HFCE is also applied for non-profit institutions serving households (NPISH), while the weights for government consumption can be sourced directly from the COFOG breakdown. For gross fixed capital formation (GFCF), weights are estimated from the following – Commodity Flows, Surveys, Direct Inquiry, Fiscal Data and Administrative Data.



CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR CSO

Ireland 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	<p>Update and streamline the PPP inventory document in line with the guidelines.</p> <p>Explore the possibility of increasing the dissemination of PPP data domestically.</p>
2.1 Consumer goods and services	<p>Continue to explore transaction data with a view to implement such data in upcoming surveys.</p> <p>Ensure that price collectors are available for the surveys, if applicable.</p> <p>Fill the gaps in the TAF questionnaire with data that reflects the <i>full price concept</i>.</p>
2.2 Housing	None.
3.1 Compensation of government employees	<p>Work with the data providers to ensure that the salaries quoted are representative for all levels of government.</p> <p>Apply expenditure weights from national accounts to the categories “public order and safety” and “collective services nec”.</p>
3.2 Hospitals	None.
3.3 Education	None.
4.1 Equipment goods	None.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	Update the corresponding section in the inventory in line with the current basic heading structure and specify the data sources at detailed level.