



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

COUNTRY: Malta

2015



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 National Statistics Office of Malta (NSO) in the "PPP Inventory of sources and methods", version January 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 NSO on 25 June 2015 is taken into account.

ORGANISATIONAL ISSUES

4. In Malta, the Purchasing Power Parities team belongs to the department of Price Statistics, which is a part of the Economics Statistics Directorate. Within the Price Statistics department, the Consumer Price Index (CPI) and the Harmonised Index of Consumer Prices (HICP) are produced. The National Accounts unit belongs to the same directorate, therefore a close cooperation between the departments is ensured. All PPPs surveys are managed by the PPP national coordinator who works full time on the PPP project.
5. All consumer goods and services price surveys are managed by the National Coordinator in collaboration with four field officers (two of them working half time). This team is responsible for coordination and performance of the consumer goods price surveys and coordination of the price collection. Generally, the staff involved in the PPP program shows a very good understanding of the specific PPP requirements.
6. The survey on compensation of government employees is carried out at by an external expert in co-operation with the PPP coordinator.
7. The equipment goods and construction surveys are outsourced. There is a close cooperation between the external experts and the PPP national coordinator.
8. The expenditure weights, data on rents, non-deductible VAT and tips are provided by the national accounts unit, and where necessary further processed by the PPP national coordinator
9. The data for the hospital survey is provided by the Ministry of Health.



Findings by PPP survey

Consumer goods and services

10. 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 Maltese 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 coordinator and field staff.
11. Malta provides prices for consumer goods and services collected in Valetta, capital city, as well as from other cities. The spatial adjustment factors (SAF) are therefore equal to 1, as reported prices are already national average prices.
12. NSO should investigate additional data sources (e.g. trade statistics, market research reports) to determine availability of products and their importance during the pre-survey and to determine representativity during the consumer goods surveys in order to provide better based information.

Housing services

13. Malta provides information on housing services using the quantity approach. The imputed rents are estimated according to the user-cost method. The data on the size of the dwelling stock in square meters is provided from the Living space survey. The quantity and quality indicators are based on the Census of Population and Housing. The quantity and quality of dwellings reported are consistent with the national stocks underlying the reported national accounts rent expenditures.
14. The data source (2002 Living space survey) used for estimation of the floor space should be updated to the latest available data from other sources.

Government services (salary survey only)

15. The data on compensation of government employees are processed and delivered by the external expert from the Prime Minister Office. The average annual gross salary is calculated on the basis of the rules set up in the Collective Agreement made between the Government and local unions.
16. NSO should investigate how the national accounts ratios for employer's actual and imputed social contributions for each occupation are determined.
17. NSO should review the existing calculation of the average annual gross salary and whether alternative data sources, such as government payroll records, would be more appropriate.



Capital goods surveys

18. The equipment goods and construction surveys are outsourced and where necessary further processed by the PPP coordinator.
19. NSO should review how the representativity for internet prices is assigned in the equipment goods survey.

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR NSO

20. Malta complies well with the PPP Regulation. Its data is in general of good 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>	None
<i>Consumer goods and services</i>	Investigate additional data sources used to determine availability of products and their importance during the pre-survey and to determined representativity during the survey.
<i>Housing services</i>	Investigate up-to-date new data sources for estimation of the floor space to replace the 2002 Living space survey.
<i>Compensation of government employees</i>	Investigate how the national accounts ratios for employer's actual and imputed social contributions for each occupation are determined. Review the existing calculation of the average annual gross salary and whether an alternative method would be more appropriate.
<i>Gross fixed capital formation</i>	Review the approach used for assignment of representativity for internet prices in equipment good survey.
<i>Expenditure weights</i>	None