



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

COUNTRY: the Netherlands

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 Statistics Netherlands (CBS) 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 CBS on 25 January 2016 is taken into account.

ORGANISATIONAL ISSUES

4. In the Netherlands, the PPP Section is part of the "Government finance and consumer prices statistics" department and consists currently of 2 employees including the national PPP coordinator. The employees are part time involved in the PPP work. The team maintains working relations with the "National Accounts", the "Demographic and socio-economic statistics" and "Business statistics" departments which are responsible for data for the GDP expenditure weights, tips, VAT and salaries questionnaires and for the equipment goods surveys.
5. The rents survey is conducted by the national PPP coordinator in cooperation with the staff responsible for the CPI rents survey. The construction survey is outsourced. The hospitals survey is conducted within the CBS by the department "Quaternary sector statistics".
6. The consumer goods price surveys are conducted by the CPI unit, in close co-ordinated with the PPP team. Pre-survey and survey are divided over the respective commodity specialists of the CPI unit. The price collection is handled by the department "Price Collection Services" that works for both CPI and PPP.
7. Eight employees are involved in the price collection in The Hague, Rotterdam and Amsterdam and one other major city, which varies from survey to survey. Spatial adjustment factors (SAFs) are considered to be equal to 1 except for catering services. The SAFs for catering services are based on CPI data.



FINDINGS BY PPP SURVEY

Consumer goods and services

8. Currently, the shares of important items (in pre-survey) and representative items (in survey) are often lower than those reported by comparable countries. The CBS should ensure that the procedures for assigning importance and representativity indicators are not producing a downwards bias compared to other countries.
9. At present, there is no systematic selection of shop types for the price collection. The CBS should verify for each survey that the selection of shop types is in accordance with their market shares.
10. The CBS should investigate whether the calculation of spatial adjustment factors (where different from 1) is coherent with the price collection outside the capital city.
11. The CBS should improve the sampling of hotels for the hotel questionnaire.

Housing services

12. The CBS should investigate the consistency of the approach used in the PPP rents questionnaire with the approach used in the National Accounts to estimate actual and imputed rents.
13. The CBS should investigate the data on dwellings stock provided through the PPP rents questionnaire and any differences with data from other sources (e.g. Census).

Compensation of government employees

14. The CBS should investigate if the changes in contractual salaries as provided in the PPP salaries survey reflect changes in the actual salaries paid.
15. The CBS should investigate if weights based on expenditure shares are available.

Hospitals services

16. The CBS should investigate the possibility of providing data for the case types added in the 2015 list.
17. The CBS should investigate the possibility of estimating the average length of stay.

Gross fixed capital formation

18. The CBS should investigate if products offered on the internet and included in the price collection are actually sold.



CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR STATISTICS NETHERLANDS

19. The Netherlands 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>	<p>(1) Ensure that the procedures for assigning importance (in pre-survey) and representativity (in survey) indicators are not producing a downwards bias compared to other countries</p> <p>(2) Verify systematically that the selection of shop types during the price collection is in accordance with their market shares</p> <p>(3) Investigate whether the calculation of spatial adjustment factors (where different from 1) is coherent with the price collection outside the capital city</p> <p>(4) Improve the sampling of hotels for the hotel questionnaire.</p>
<i>Housing services</i>	<p>(5) CBS should investigate the consistency of the approach used in the PPP rents questionnaire with the approach used in the National Accounts to estimate actual and imputed rents.</p> <p>(6) Investigate the data on dwellings stock provided through the PPP rents questionnaire and any differences with data from other sources.</p>
<i>Compensation of government employees</i>	<p>(7) Investigate if the changes in contractual salaries as provided in the PPP salaries survey reflect changes in the actual salaries paid.</p> <p>(8) Investigate if weights based on expenditure shares are available.</p>
<i>Education</i>	<i>None</i>
<i>Hospitals</i>	<p>(9) The CBS should investigate the possibility of providing data for the case types added in the 2015 list.</p> <p>(10) Investigate the possibility of estimating the average length of stay.</p>
<i>Gross fixed capital formation</i>	(11) Investigate if products offered on the internet and included in the price collection are actually sold.
<i>Expenditure weights</i>	<i>None</i>