



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

**COUNTRY: Norway**

**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 of Statistics Norway in the "PPP Inventory of sources and methods", version January 2016, 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 Statistics Norway on 1<sup>st</sup> of July 2016 is taken into account.

## ORGANISATIONAL ISSUES

4. In Norway, the PPP unit belongs to the Division for Price Statistics as part of the Department of Economics, Energy and Environment Statistics. The data for the PPP purposes are mainly provided by this department and in cooperation with the Department of National Accounts and Financial Statistics. The Norway PPP Team comprises of two members both working full time on the PPP program. Generally, the staff involved in the PPP surveys shows a very good understanding of the specific PPP requirements.
5. All consumer goods price surveys (survey preparation, data reporting, data validation and documentation) are coordinated and conducted by the members of the PPP team. Price collection is organised by visiting shops in Oslo, collecting data from internet, gathering and reusing of information from its own section and other departments (using central electronic database). Starting with 2015 surveys, Statistics Norway also collect prices for the selected groups of the consumer goods surveys in collaboration with 5 price collectors, employees of the Data collection unit. For several product groups, scanner data are used.
6. The survey on compensation of government employees is completed by the PPP team in collaboration with the Division for Income and Wage Statistics.
7. Data for the hospitals survey are provided by the Norwegian Directorate of Health.
8. The Equipment goods survey (pre-survey, price collection, validation) is carried out by the PPP team, whereas the construction survey is outsourced but coordinated by the PPP team which is responsible for relations with the subcontractor, and for validating and submitting the data to Eurostat.



9. The expenditure weights, housing services, non-deductible VAT and tips are provided by the staff from the Department of National Accounts and Financial Statistics. In case of expenditure weights, the PPP team is responsible for the provision of the detailed expenditure breakdown for household consumption expenditure. Data validation and data submission are organised by the PPP team as well.

## **FINDINGS BY PPP SURVEY**

### **Consumer goods and services**

10. The PPP team is involved in all steps of the survey preparation. Market information is gathered in different ways depending on the type of product and in cooperation with sales personnel. For several groups of products the main source of information is scanner data.
11. Statistics Norway provides prices for consumer goods and services collected in Oslo, the capital city. The market is dominated by large chain-stores following a national pricing policy.
12. In 2015, in order to investigate possible regional price differences, Statistics Norway carried out a specific survey to calculate spatial adjustment factors. Research has covered all PPP BHs and the data used are from the year 2013 as a reference year. The first SAFs were already applied for the second consumer goods and services survey in 2016.

### **Housing services**

13. Statistics Norway produces data on rents using the price approach. Current data source for the dwelling stock is the most recent Housing Census 2011. In 2016, the PPP Team was testing a new method for filling out the PPP rents questionnaire including data based on the Rental market survey. However, any further actions towards changing the current approach should be coordinated with the National Accounts unit in order not to compromise consistency with National Accounts.
14. Statistics Norway should revise the data reported for imputed rents (monthly or per m<sup>2</sup>) for flats, especially for those with more than 4 rooms, and for houses.

### **Compensation of government employees (salary survey only)**

15. The Division for Income and Wage Statistics are responsible for providing the data for the salary survey. The data source for determining the average annual gross salaries in Norway is the central register called "A-melding". This is a central register for three national agencies namely Statistics Norway, Norwegian Tax administration and the National Labour and welfare administration.
16. Statistics Norway should investigate the possibility of exclusion of Employers' imputed social contributions from reported Employers' actual social contributions.
17. Statistics Norway should take into account other sources that can be used in order to determine the skill levels.



18. Statistics Norway should consider if number of holidays reported is the same for all the occupations.

**CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR STATISTICS NORWAY**

19. Statistics Norway 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>	<i>None</i>
<i>Housing services</i>	(1) Investigate data reported for imputed rents (monthly or per m2) for flats, especially for those with more than 4 rooms, and for houses.
<i>Compensation of government employees</i>	(2) Investigate the possibility of exclusion of Employers' imputed social contributions from reported Employers' actual social contributions; (3) Consider other sources that can be used in order to determine the skill levels; (4) Investigate if number of holidays reported is the same for all the occupations.
<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>