



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

COUNTRY: Switzerland

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. Switzerland has adopted the Regulation (EC) No. 1445/2007 in the frame of the Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics (2006/233/EC) and follows the same requirements of documentation and assessment as the EU member states.
3. The current assessment report is based on the information presented by the Swiss Federal Statistical Office (SFSO) in the "PPP Inventory of sources and methods", version October 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 SFSO on the 21st of October 2016 is taken into account.

ORGANISATIONAL ISSUES

4. In Switzerland, the PPP team is part of the section Prices which belongs to the Division Economy. The data for PPP purposes are mainly provided by this division, while the Prices section is responsible for supplying the price data and the coordination of the PPP process. The Swiss PPP Team comprises four members, all working part time on the PPP program. Generally, the staff involved in the PPP surveys shows a 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, collecting data from the internet and gathering and re-using information from internal data sources (e.g. CPI data).
6. Data on housing services are supplied by the section Population (exploitation of the basic data underlying the Structural Survey, one of the four substitutes of the former census). Additional compilations are carried out by the PPP team, using the Swiss rent price index (CPI) and the total stock of dwellings.
7. The survey on compensation of government employees is completed by the section Wages and working conditions.



8. Data for the hospitals survey are provided by the section Health, using data of the Hospitals statistics.
9. The equipment goods survey (pre-survey, price collection, validation) is carried out by the PPP team. The construction survey is outsourced and supported by the PPP team.
10. Expenditure weights are provided by the section National Accounts. Tips are set as zero, in accordance with the methodology of the Swiss National Accounts. As the section National Accounts is not in the position to provide data about non-deductible VAT for capital goods, the PPP team carries out a rough estimation based on the Swiss Input-Output table 2011.

FINDINGS BY PPP SURVEY

Consumer goods and services

11. 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. For most groups of products the main sources of information are shop visits, internet research, CPI data and the knowledge of the PPP team.
12. SFSO provides prices for consumer goods and services collected in shops in Bern and its wider area. They gather information on prices for those items which are representative or commonly available. SFSO should describe the methods used for applying the basic model approach used in the price collection phase.
13. The Swiss PPP currently calculates spatial adjustment factors only for four basic headings based on the data retrieved from Consumer Price Index (CPI) as only those items satisfy the required conditions for the calculation of the SAFs. For calculation of SAFs for accommodation services (Hotel questionnaire) data from the official accommodation statistics of Switzerland is used. The PPP team should continue investigating the feasibility of compiling reliable spatial adjustment factors on the basis of CPI data.

Housing services

14. SFSO produces data on rents using the price approach. Current data source for the dwelling stock is the most recent Structural Survey (one of the four substitutes of the former census).
15. SFSO should investigate whether secondary residences are included in the housing stock and how they are treated in the national accounts.
16. SFSO should clarify whether subsidized dwellings are included in actual rents.

Compensation of government employees (salary survey only)

17. The section Wages and working conditions is responsible for providing the data for the salary survey. The data source for determining the average annual gross salaries is the Salary Structure Survey, which is carried out every second year by SFSO.



18. SFSO should clarify the methodology applied to provide the data for the PPP salary survey, in particular how the occupation, skill level, salaries and related indicators are determined and which elements they include. SFSO should declare if any deviations occur from the PPP requirements. SFSO should list the additional data sources used for information not included in the Swiss Salary Structure Survey.

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR SWISS FEDERAL STATISTICAL OFFICE

19. SFSO 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>	(1) Investigate the feasibility of calculating spatial adjustment factors for different basic headings.
<i>Housing services</i>	(2) Review the inclusion of secondary residences in data on the housing stock. (3) Clarify whether subsidized dwellings are included in actual rents. (4)
<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>