



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

COUNTRY: Malta

2024



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 provided by the National Statistical Office (NSO) of Malta in the "PPP Inventory of sources and methods", version January 2024, 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 July 2024 is taken into account.

ORGANISATIONAL ISSUES

4. The Price Statistics Unit, which is in charge of PPPs, the national CPI, the HICP and Property Statistics, belongs to the Economic Statistics Directorate in the NSO. The national coordinator works full-time on the PPPs, while other staff within the unit provide assistance whenever the need arises. The surveys on consumer goods and services and on equipment goods are handled within the Price Statistics Unit with the assistance of externally recruited price collectors. The expenditure weights, data on housing, non-deductible VAT, and tips are handled by the National Accounts Unit. The surveys on the compensation of government employees and the hospital survey are outsourced to other government bodies, while the construction survey is subcontracted to an independent expert.

Maltese media show considerable interest in PPP statistics. The NSO does not currently disseminate specific PPP-related news releases or articles, but this is something which is being considered for the future.

FINDINGS BY PPP SURVEY

Consumer goods and services

5. The preview and pre-survey phases are taken care of mostly by the national coordinator, assisted by price collectors if needed. Previous surveys and online market research are the most important sources of information. For the price collection phase, outlets are selected centrally on the basis of the previous survey and on information resulting from online market research or common knowledge. Up to 14 price collectors are available for price collection. They are given detailed briefings on the Specific Survey Guidelines, on the item list and on the localities to be visited. Prices are collected throughout Malta



and Gozo, hence there is no need for spatial adjustment factors. The price collectors use paper booklets to collect prices, and later enter the data into the Data Entry Tool (DET) themselves.

Traditional price collection in shops, or by phone or email, is still the dominant data collection method. Prices collected online are used to varying degrees for accommodation services, furniture, and in the services survey. Prices for health are collected via telephone calls and by email (for medical services) and through data supplied by pharmacies (for pharmaceuticals). For fuels for transport equipment, CPI data is used. Transaction data is being explored within the Price Statistics Unit, but currently not used in the actual surveys.

Housing services

6. The housing questionnaire is filled in by the National Accounts Unit. In the calculation of PPPs, Eurostat applies the quantity approach for Malta. The dwelling stock data – quantity and quality indicators – are taken from the latest completed census, currently 2011. Data from the 2021 census will be implemented in the PPP questionnaire in 2024. For non-census years, extrapolations are made on the basis of building and demolition permits from the Planning Authority, and on data from the Household Budget Survey (HBS) last carried out in 2015. The next HBS will be carried out in 2024 and implemented when the results are ready.

Compensation of government employees

7. The salary data is provided by the Office of the Prime Minister. It is based on salary scales which apply to all government employees in Malta. Overtime payments and benefits in cash or kind not related to the salary scale are excluded. The data on actual and imputed social contributions (D.121 and D.122) are provided by the National Accounts Unit, while the weights for the aggregates “Public order and safety” and “Other collective services” are derived from Labour Statistics.

Hospitals

8. For the survey on hospital services, the NSO cooperates with the country’s main public hospital. Data is collected routinely for all discharges and interventions. Although they do not use a DRG system for cost, they are able to calculate prices and the average length of stay for the various case types. The validation process is shared between the hospital’s Data Management Unit and the NSO.

Education

9. The data from the UNESCO-OECD-Eurostat education database provided to the countries by Eurostat is approved after consulting the Tourism and Education Statistics Unit within the NSO.

Equipment goods

10. Since 2021 this survey has been carried out in-house. Two price collectors are engaged for the purpose, supervised by the PPP coordinator and the Head of Unit, and the plan is to continue this arrangement in 2025. The price collectors contact respondents (importers, agents, retailers) by phone, email or actual visits in order to obtain information about availability, prices and representativity. The Internet is also used



extensively, partly to identify potential respondents, but also to obtain prices and other information for IT and communications equipment, software, and electrical and optical equipment.

It sometimes proves challenging to obtain information from respondents on items which are typically imported on a case-by-case basis, like general and special purpose machinery, fabricated metal products and special motor vehicles. It also turns out that many items are only available second-hand. Estimating typical installation costs and discounts can also be a challenge.

Construction

11. The construction survey is outsourced to a self-employed architect/civil engineer on a three-year contract. For the building projects, the main data sources are public and private sector tenders, information from actual contractors and suppliers of building materials. For the civil engineering works, data from the Dynamic Procurement System (DPS) for public works is used.

VAT on capital goods

12. Rates of non-deductible VAT are calculated directly from national accounts data. The questionnaire is filled in by the National Accounts Unit.

Expenditure weights

13. The expenditure weights are prepared by the National Accounts Unit. For household final consumption expenditure, expenditures at four-digit level are mostly based on HBS 2015 data, extrapolated by various statistical sources (e.g. Structural Business Statistics, Short-term Statistics, Trade Statistics and others), while at the basic heading level, the original structure of the HBS is maintained. For non-profit institutions serving household and for general government, expenditure weights are only requested at a higher aggregation level and can thus be extracted directly from national accounts data. The data underlying the breakdown of gross fixed capital formation comes mostly from Structural Business Statistics, Government Finance Statistics, corporate financial statements, other surveys carried out by the NSO, and administrative sources. Residential construction is based on general government data and the latest census, extrapolated by HBS data and data on building permits from the Planning Authority. For non-residential construction and civil engineering works, data from the benchmark year 2016 is extrapolated by the growth rates of NACE Section F; for machinery and equipment, import growth rates are used.



CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR THE NSO

Malta 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	Update and streamline the PPP inventory in line with the inventory guidelines. Look into ways to further increase the visibility of PPP statistics at national level.
2.1 Consumer goods and services	Continue efforts to implement transaction data in the PPP exercise, potentially via the PPP grants.
2.2 Housing	None.
3.1 Compensation of government employees	None.
3.2 Hospitals	Ensure that research and development, and training and education, superannuation and income from non-patient care activities are excluded from the quasi prices.
3.3 Education	None.
4.1 Equipment goods	None.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	None.