



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

COUNTRY: Slovenia

2014



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 Statistical Office of the Republic of Slovenia (SURS) in the "PPP Inventory of sources and methods", version January 2014, 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 Slovenia on 6 October 2014 is taken into account.

ORGANISATIONAL ISSUES

4. In Slovenia, the Purchasing Power Parities team belongs to the department Price Statistics, which is a part of Macroeconomic Statistics sector. Within Price Statistics department a broad scope of price indices is produced (e.g. CPI/HICP, PPP, OOH, Import price indices, Output price indices, Services producer price indices, basic interest rate). The National Accounts section belongs to the same sector, therefore a close cooperation between PPP activities on the one side and national accounts on the other is ensured.
5. The Slovenian PPP project is managed by the National Coordinator and is supported by three permanent team members. All three employees work full time on the PPP program. The PPP team carries out all product analyses for the consumer goods price surveys and conducts the price collection. Generally, the PPP team shows a very good understanding of the specific PPP requirements.
6. Input data for the rent survey is provided by the National Accounts department and treated further by PPP team, to be consistent with the PPP requirements.
7. The survey on compensation of government employees is carried out at SURS by the responsible PPP Team in close co-operation with the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).
8. The equipment goods survey is conducted by the PPP team, while the construction survey is outsourced. There is a close cooperation between the external experts and the PPP staff.
9. The expenditure weights, data on non-deductible VAT and tips are provided by the national accounts section, and where necessary further processed by the PPP team.



10. In parallel to each Eurostat press release, SURS publishes the latest available PPP results with a special focus on the national figures.

Findings by PPP survey

Consumer goods and services

11. The organisation and conduction of the consumer goods price surveys satisfy the methodological requirements and ensures the provision of reliable basic information for the production of PPPs. The Slovenian PPP team has access to a wide scope of data sources giving them a clear picture of consumer goods markets. Market information is gathered in different ways depending on the type of product. The pre-survey stage is very well managed contributing to an efficient price collection and validation.
12. SURS should investigate further sampling methods of shops within each shop type.
13. SURS provides capital city average prices for consumer goods and services. Generally, no regional price collection for PPP purposes takes place to calculate national average prices, except for hotels. Currently, the spatial adjustment factor (SAF) is equal to 1, presuming that the Slovenian market is homogeneous and inter-regional price differences are negligible. Recently, SURS has conducted research on regional price differences to establish actual SAFs in particular for some aggregate headings. SURS should investigate if establishment of SAFs on basic heading level is feasible – in particular for services.

Housing services

14. SURS provides information for the quantity approach. The imputed rents are estimated according to user-cost method as 91% of the dwelling stock is owner-occupied. SURS provides data on the dwelling stock based on the Housing Census. A register-based census was carried out for the first time in 2011 with the next one to be undertaken in 2015. In the intervening years, the dwelling stock is updated with the difference between the total surface of newly completed dwellings and the surface of those which were demolished.
15. SURS should clarify in detail the consistency of the room definition (in particular the floor space of a room) with the requirements of the PPP questionnaire.

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR SURS

16. SURS complies well with the PPP Regulation. Its data is 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>	None
<i>Consumer goods and services</i>	1. Investigate further sampling methods of shops within each shop type 2. Spatial Adjustment Factors - investigate the regional price differences at basic heading level in particular for services.
<i>Housing services</i>	3. Clarify in detail the consistency of the room definition (in particular the floor space of a room) with the requirements of the PPP questionnaire.
<i>Compensation of government employees</i>	None
<i>Gross fixed capital formation</i>	None
<i>Expenditure weights</i>	None