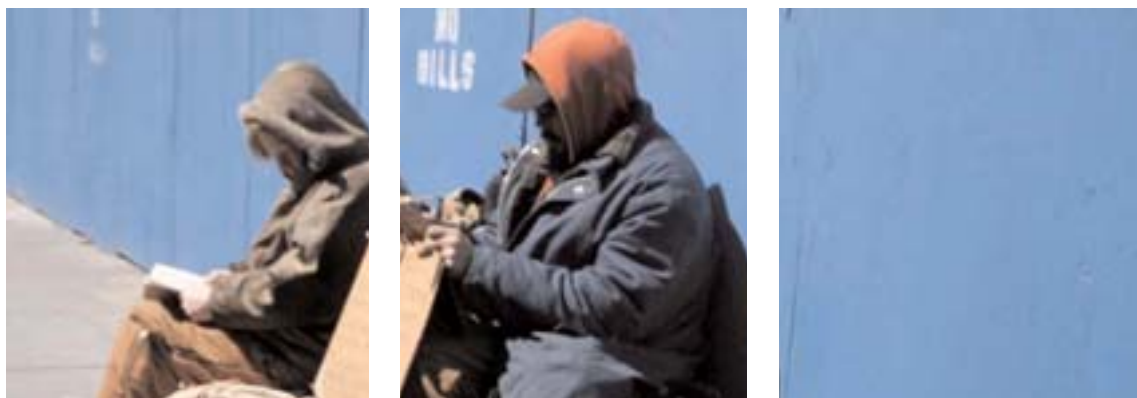


## Living conditions and welfare







	<b>4.1 LIVING CONDITIONS</b>	220
<b>4.2 HOUSEHOLD CONSUMPTION EXPENDITURE</b>		229
	<b>4.3 HOUSING</b>	233
	<b>4.4 SOCIAL PROTECTION</b>	236
	<b>4.5 GOOD GOVERNANCE</b>	242

Eurostat data on living conditions and welfare aims to show a comprehensive picture of the current living conditions in the EU, covering variables related to income, poverty, social exclusion and other living conditions. All social exclusion and housing condition information is collected at household level.

The demand for information on living conditions and welfare received a new impetus following the social chapter of the Amsterdam Treaty (1997) which became the driving force for EU social statistics. This impetus was reinforced by successive European Councils that have kept the social dimension high on the political agenda.

Income, poverty and social exclusion are multidimensional problems. To monitor them effectively at a European level, a subset of so-called 'social cohesion indicators' has been developed within the structural indicators; these are selected from the portfolio of social inclusion indicators calculated under the open method of coordination on social inclusion and social protection <sup>(46)</sup>.

(46) For more information, see [http://ec.europa.eu/employment\\_social/soc-prot/soc-incl/indicator\\_en.htm](http://ec.europa.eu/employment_social/soc-prot/soc-incl/indicator_en.htm).

#### **EUROSTAT DATA IN THIS DOMAIN:**

##### **Population and social conditions**

###### **Living conditions and welfare**

- Consumption expenditure of private households
- Income and living conditions
- Social protection

##### **Key indicators on EU policy (predefined tables)**

###### **Sustainable development indicators**

## 4.1 LIVING CONDITIONS

### INTRODUCTION

To calculate living condition indicators, Eurostat initially used micro-data <sup>(47)</sup> from the European Community Household Panel (ECHP) survey which was launched in 1994. However, after eight years of using this source, a new instrument was introduced in 2003, namely, data collection under a framework regulation on EU statistics of income and living conditions (EU-SILC). One of the main reasons for this change was the need to adapt the content and timeliness of data production to reflect current political and research needs. EU-SILC is now Eurostat's main reference source for comparative income distribution and social exclusion statistics. It comprises both a cross-sectional dimension and a longitudinal dimension.

Analysis of the distribution of incomes within a country enables us to get a picture of inequalities. Indeed, on the one hand inequalities may create incentives for people to improve their situation through work, innovation or acquiring new skills, while on the other, crime, poverty and social exclusion are often seen as linked to inequalities of income distribution.

### DEFINITIONS AND DATA AVAILABILITY

Eurostat statistical indicators within the ILC (Income and Living Conditions) domain cover a range of topics relating to income poverty and social exclusion. One group of indicators relate to monetary (income) poverty analysed in various ways (for example, age, gender, activity status), across space and over time. Another group of indicators relate to non-monetary poverty and social exclusion (for example, material deprivation, social participation) across space and over time.

While comparisons between countries of standards of living are frequently based on GDP per capita, such figures say little about the distribution of income within a country. In this section, indicators measuring the distribution of income and relative poverty are presented.

Household disposable income is established by summing all monetary income received from any source by each member of the household (including income from work, investment and social benefits) plus income received at household level and deducting taxes and social contributions paid and certain unavoidable expenditures. In order to reflect differences in household size and composition, this total is divided by the number of 'equivalent adults' using a standard scale (the so-called 'modified OECD' scale, which attributes a weight of 1 to the first adult in the household, a weight of 0.5 to each subsequent member of the household aged 14 and over and a weight of 0.3 to household members ages less than 14), and the resulting figure is called equivalised disposable income and is attributed to each member of the household.

(47) Data gathered at the micro level, for example, from individuals, households or enterprises, rather than aggregate data compiled at the level of the economy.

The S80/S20 income quintile share ratio is a measure of the inequality of income distribution and is calculated as the ratio of total income received by the 20 % of the population with the highest income (the top quintile) to that received by the 20 % of the population with the lowest income (the bottom quintile); all incomes are compiled as equivalised disposable income. Note that the final chapter at the end of this publication presents regional data for the disposable income per habitant.

To measure the proportion of people that are at risk of poverty, a threshold is set at 60 % of the median equivalised income. Below that threshold, a person is considered to be at risk of poverty.

For the purpose of poverty indicators, the personal equivalised income is calculated from the total disposable income of each household (income received by all members of a household) divided by the equivalised household size whereby weights are assigned to each member of the household. Consequently, each person in the household is considered to have the same equivalised income. The at-risk-of-poverty rate is defined as the share of persons with an equivalised income that is below the at-risk-of-poverty threshold, set at 60 % of the national median disposable income. This rate may be expressed before or after social transfers, with the difference measuring the hypothetical impact of national social transfers in reducing poverty risk. Retirement and survivor's pensions are counted as income before transfers and not as social transfers.

The indicators described above are calculated from EU-SILC (Community Statistics on Income and Living Conditions) data. EU-SILC is an instrument which aims at collecting timely and comparable cross-sectional and longitudinal data on income poverty and social exclusion. From 2005 onwards, EU-SILC covers the EU-25 Member States as well as Norway and Iceland. Bulgaria, Romania, Turkey and Switzerland launched EU-SILC in 2006.

The indicators related to jobless households are calculated simply as the proportion of persons of the specified age who live in households where no one is working. Students aged 18 -24 who live in households composed solely of students of the same age class are not counted in either the numerator or the denominator of the ratio. The data comes from the EU Labour force survey.



## MAIN FINDINGS

In 2005 the 20 % of the EU-25 population with the highest equivalised disposable income received almost five times as much income as the 20 % of the population with the lowest income. The widest inequalities were recorded in Portugal and Lithuania (ratios of 6.9), while the Nordic Member States, Slovenia and the Czech Republic reported the lowest S80/S20 income quintile share ratios (between 3.3 and 3.7).

In 2005 the at-risk-of-poverty rate after social transfers in the EU-25 population was 15 % (persons aged 18 years or over), a figure which rose by 25 percentage points to 40% for those that were unemployed. Among the Member States, unemployed people had the highest risk of poverty in the Baltic States, where roughly three fifths of the unemployed population was at risk of poverty in 2005.

A comparison of the number of people on low incomes before social benefits other than pensions and those on low incomes after social benefits (in other words, old age pensions and survivors' benefits are included in income both 'before' and 'after'), illustrates one of the main purposes of such benefits: their redistributive effect and, in particular, their ability to alleviate the risk of poverty and reduce the percentage of population having to manage with a low income.

Social transfers reduced the at-risk-of-poverty rate from 26 % before transfers for the EU-25 population to 16 % after transfers in 2005. As such, social transfers lifted 38 % of persons with a low income above the poverty line. Social benefits other than pensions reduced the percentage of people at risk of poverty in all countries, but to very disparate degrees. The reduction was smallest (less than 25 %) in some Mediterranean Member States (Greece, Spain, Italy, Cyprus, Malta and Portugal), Latvia, Estonia, Bulgaria and Turkey. The reduction was greatest in Sweden (69 %). The Czech Republic, Denmark, France, Hungary, the Netherlands, Austria, Slovenia and Finland also recorded reductions due to social transfers of 50 % or more. In the absence of social benefits other than pensions, four Member States (Denmark, Ireland, Poland and the United Kingdom) reported that 30 % or more of the population would have been at-risk-of-poverty.

In 2005, about 10 % of the EU-25 population aged between 18 and 59 years lived in jobless households; the proportion of children (up to 17 years) living in jobless households was almost at the same level. The highest proportion of children living in jobless households was recorded in the United Kingdom (16 %), followed by Bulgaria (15 %) and Belgium (14 %), while these two latter Member States also recorded the highest shares of adults aged 18 to 59 living in jobless households, alongside with Poland. Note these statistics may be affected by a number of factors, including differences in average numbers of children and inactivity rates between different socioeconomic groups.

## SOURCES

### Statistical books

The social situation in the European Union 2005-2006/2007  
The life of women and men in Europe – a statistical portrait

### Pocketbooks

Living conditions in Europe – Statistical pocketbook

### Methodologies and working papers

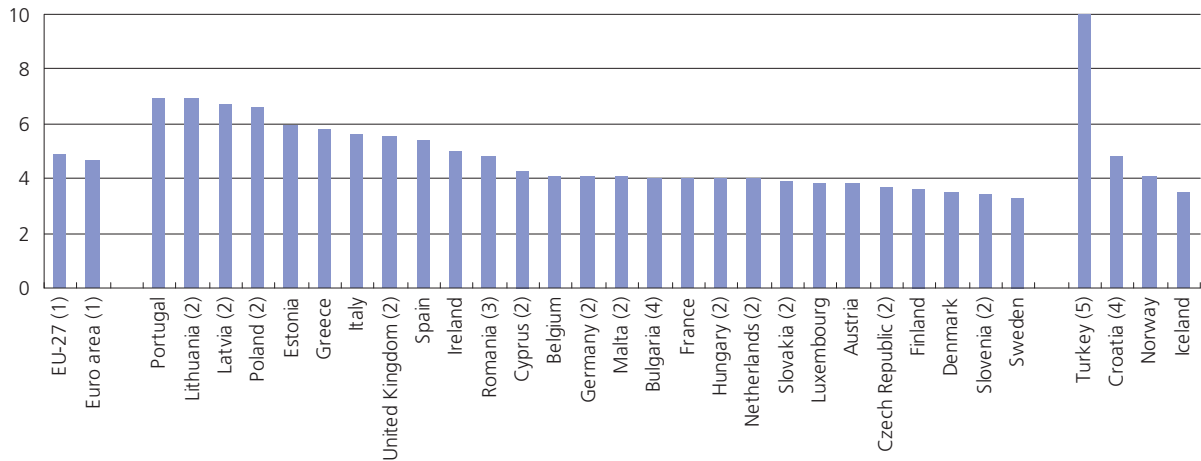
Comparative EU Statistics on Income and Living Conditions: Issues and Challenges  
The continuity of indicators during the transition between ECHP and EU-SILC

### Website data

#### Living conditions and welfare

Income and living conditions  
Main indicators  
Income distribution and monetary poverty  
Non-monetary poverty and social exclusion

Figure 4.1: Inequality of income distribution (S80/S20 income quintile share ratio), 2005

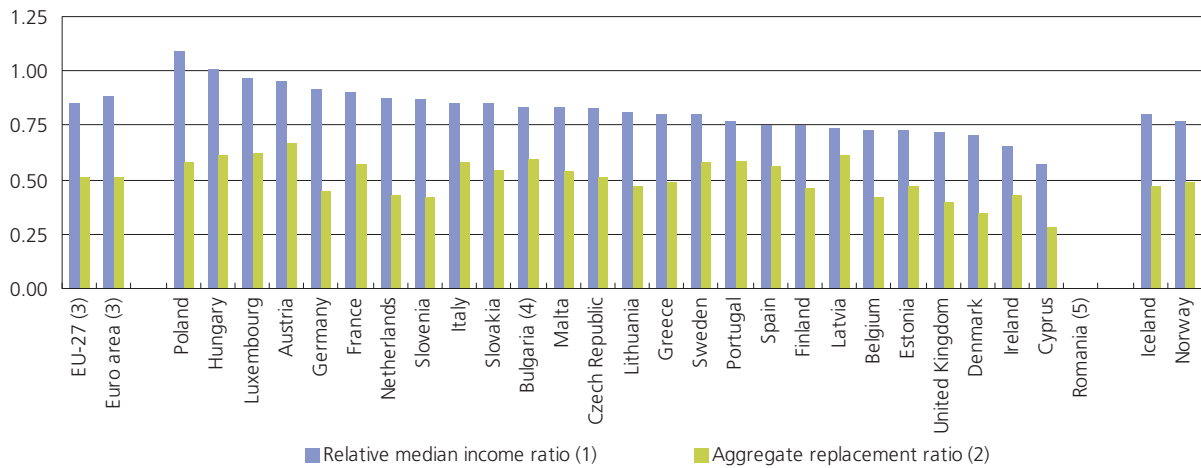


- (1) Eurostat estimates based on population-weighted averages of national data.  
 (2) Break in series.  
 (3) National HBS, 2005.  
 (4) National HBS, 2004.  
 (5) National HICE, 2004.

Source: Eurostat (tsisc010)

The ratio of total income received by the 20 % of the population with the highest income (top quintile) to that received by the 20 % of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.

Figure 4.2: Income of elderly people in relation to different population groups, 2005



- (1) The ratio of the median equivalised disposable income of persons aged above 65 to the median equivalised disposable income of persons aged below 65.  
 (2) The ratio of the median personal (non-equivalised) income from pensions of retired persons aged 65-74 to the median personal (non-equivalised) income from earnings of persons aged 50-59.  
 (3) Eurostat estimates based on population-weighted averages of national data; for the relative median income ratio, EU-25 instead of EU-27.  
 (4) National HBS, 2004.  
 (5) Not available.

Source: Eurostat (ilc\_di03 and ilc\_pnp3)

Table 4.1: At-risk-of-poverty rate by most frequent activity status, 2005 (1)

(%)

	Total population	Persons employed	Not employed	Unemployed	Retired	Inactive population, others
<b>EU-25 (2)</b>	15	8	22	40	16	25
<b>Euro area (2)</b>	15	7	22	37	16	25
<b>Belgium</b>	14	4	23	31	18	26
<b>Bulgaria (3)</b>	14	7	19	34	15	17
<b>Czech Republic (4)</b>	8	3	15	51	6	16
<b>Denmark</b>	12	5	22	26	16	31
<b>Germany (4)</b>	12	5	19	42	14	18
<b>Estonia</b>	17	7	31	60	23	31
<b>Ireland</b>	18	6	34	47	30	34
<b>Greece</b>	19	13	26	32	25	25
<b>Spain</b>	19	10	28	35	25	28
<b>France</b>	13	6	20	29	13	27
<b>Italy</b>	18	9	25	44	16	28
<b>Cyprus (4)</b>	17	7	32	37	49	19
<b>Latvia (4)</b>	19	9	31	59	24	31
<b>Lithuania (4)</b>	19	10	29	63	17	29
<b>Luxembourg</b>	11	9	13	46	6	14
<b>Hungary (4)</b>	12	10	15	48	10	17
<b>Malta (4)</b>	13	5	19	48	17	18
<b>Netherlands (4)</b>	9	6	14	27	5	19
<b>Austria</b>	12	7	18	48	12	22
<b>Poland (4)</b>	18	14	22	46	11	26
<b>Portugal</b>	18	12	27	28	25	28
<b>Romania</b>	:	:	:	:	:	:
<b>Slovenia (4)</b>	12	5	19	25	17	22
<b>Slovakia (4)</b>	12	9	16	39	7	19
<b>Finland</b>	12	4	22	36	17	27
<b>Sweden</b>	9	5	15	26	10	26
<b>United Kingdom (4)</b>	15	8	30	50	28	30
<b>Croatia (3)</b>	18	10	23	34	23	21
<b>Turkey (5)</b>	22	23	21	30	5	23
<b>Iceland</b>	9	8	14	26	10	18
<b>Norway</b>	12	5	26	27	20	36

(1) Persons aged 18 years and over, except Bulgaria, Romania, Croatia and Turkey: persons aged 16 years and over.

(2) Eurostat estimates based on population-weighted averages of national data; for the relative median income ratio, EU-25 instead of EU-27.

(3) National HBS, 2004.

(4) Break in series.

(5) National HICE, 2004.

Source: Eurostat (ilc\_li04)

Table 4.2: At-risk-of-poverty rate

(%)

	Before social transfers (1)						After social transfers					
	Total		Male		Female		Total		Male		Female	
	2000	2005	2000	2005	2000	2005	2000	2005	2000	2005	2000	2005
<b>EU-25 (2)</b>	23	26	22	25	24	27	16	16	15	15	17	17
<b>Euro area (2)</b>	:	24	:	23	:	26	:	15	:	14	:	17
<b>Belgium</b>	23	28	22	27	25	29	13	15	12	14	14	15
<b>Bulgaria (3)</b>	18	18	16	15	19	20	14	15	13	13	15	17
<b>Czech Republic (4)</b>	:	21	:	20	:	22	:	10	:	10	:	11
<b>Denmark</b>	:	30	:	28	:	31	:	12	:	12	:	12
<b>Germany (4)</b>	20	24	19	22	22	25	10	13	10	12	11	14
<b>Estonia</b>	26	24	25	23	26	25	18	18	17	17	19	19
<b>Ireland</b>	31	32	29	30	33	34	20	20	19	19	21	21
<b>Greece</b>	22	23	22	21	23	24	20	20	19	18	20	21
<b>Spain</b>	22	24	21	23	23	25	18	20	17	19	19	21
<b>France</b>	24	26	24	25	25	27	16	13	15	12	16	14
<b>Italy</b>	21	23	20	22	21	25	18	19	18	17	19	21
<b>Cyprus (4)</b>	:	22	:	20	:	23	:	16	:	15	:	18
<b>Latvia (4)</b>	22	26	23	24	21	27	16	19	17	18	16	20
<b>Lithuania (4)</b>	23	26	23	25	24	27	17	21	17	20	17	21
<b>Luxembourg</b>	23	23	23	23	22	23	12	13	12	13	12	13
<b>Hungary (4)</b>	17	29	16	30	17	29	11	13	11	14	12	13
<b>Malta (4)</b>	19	21	18	20	20	22	15	15	15	14	15	16
<b>Netherlands (4)</b>	22	22	21	21	23	22	11	11	10	11	11	11
<b>Austria</b>	22	24	20	23	25	25	12	12	9	11	14	13
<b>Poland (4)</b>	30	30	31	31	30	29	16	21	16	21	16	20
<b>Portugal</b>	27	26	26	25	28	26	21	19	19	19	22	20
<b>Romania (5)</b>	21	24	21	23	22	24	17	18	17	18	18	18
<b>Slovenia (4)</b>	18	26	17	25	18	27	11	12	11	11	12	14
<b>Slovakia (4)</b>	:	22	:	22	:	22	:	13	:	13	:	13
<b>Finland</b>	19	28	18	27	21	29	11	12	9	11	13	13
<b>Sweden</b>	:	29	:	27	:	30	:	9	:	9	:	10
<b>United Kingdom (6)</b>	29	31	26	29	32	32	19	18	16	18	21	19
<b>Croatia (3)</b>	:	31	:	29	:	34	:	18	:	16	:	20
<b>Turkey (7)</b>	:	28	:	26	:	29	:	26	:	26	:	27
<b>Iceland</b>	:	20	:	20	:	20	:	10	:	10	:	9
<b>Norway</b>	24	29	:	27	:	30	:	11	:	10	:	13

(1) Pensions are excluded from social transfers and counted as income before transfers.

(2) Eurostat estimates based on population-weighted averages of national data.

(3) National HBS, 2004.

(4) Break in series, 2005.

(5) National HBS, 2005.

(6) Break in series, 2000 and 2005.

(7) National HICE, 2004.

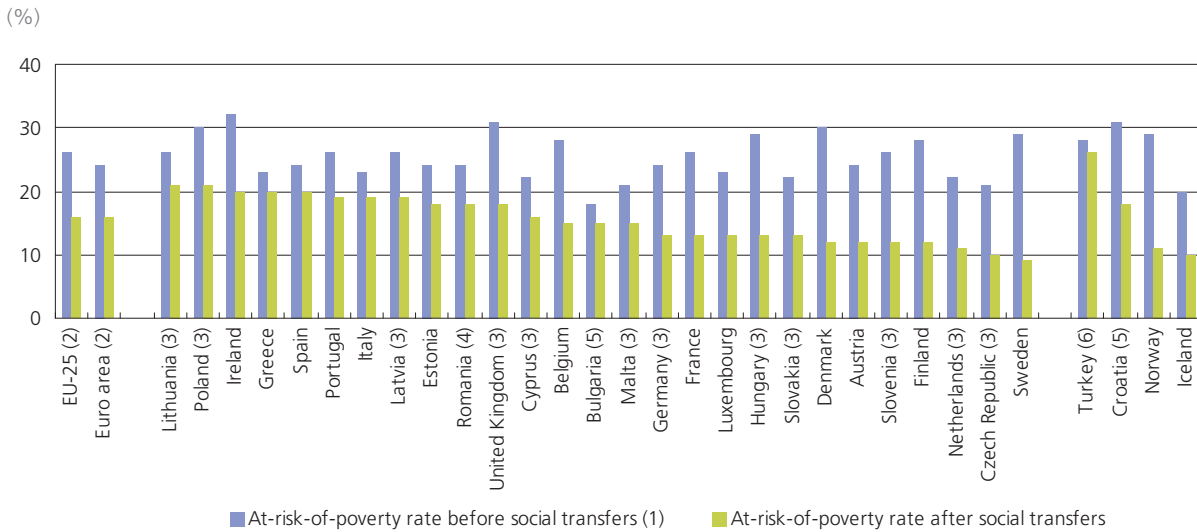
Source: Eurostat (tsisc021, tsisc025, tsisc023, tsisc022, tsisc026 and tsisc024)

The share of persons with an equivalised disposable income, before social transfers, below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Retirement and survivor's pensions are counted as income before transfers and not as social transfers.

The share of men with an equivalised disposable income, before social transfers, below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Retirement and survivor's pensions are counted as income before transfers and not as social transfers.



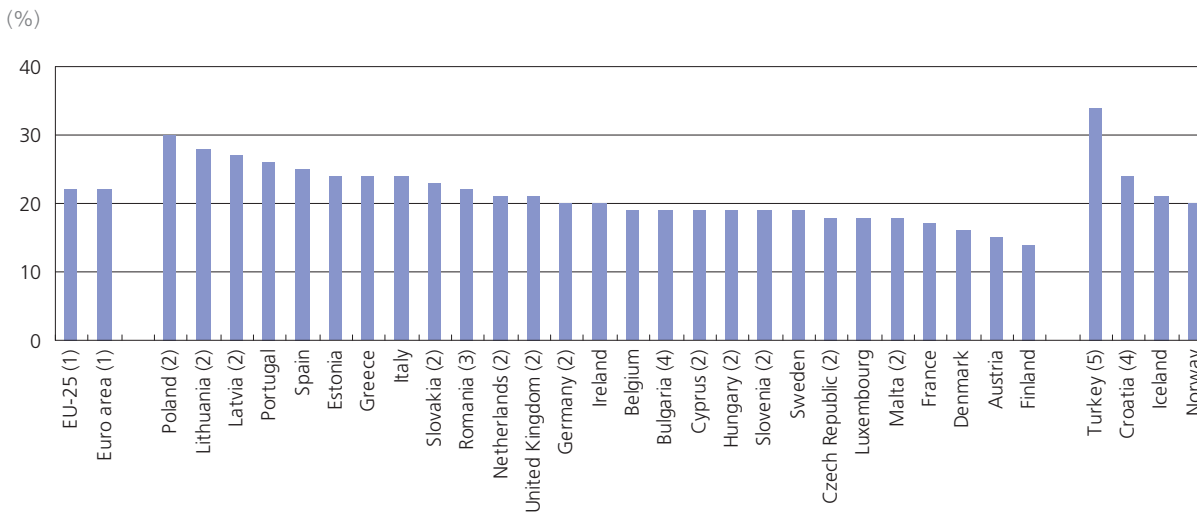
**Figure 4.3: At-risk-of-poverty rate, 2005**



(1) Pensions are excluded from social transfers and counted as income before transfers.  
 (2) Eurostat estimates based on population-weighted averages of national data.  
 (3) Break in series.  
 (4) National HBS, 2005.  
 (5) National HBS, 2004.  
 (6) National HICE, 2004.

Source: Eurostat (tsisc021 and tsisc022)

**Figure 4.4: Relative median at-risk-of-poverty gap, 2005**

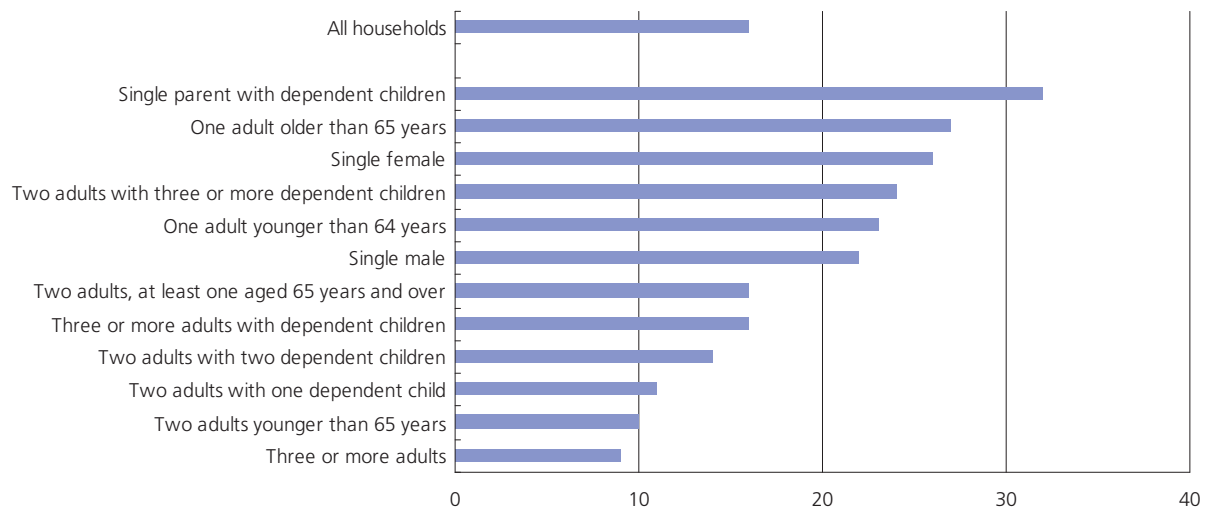


(1) Eurostat estimates based on population-weighted averages of national data.  
 (2) Break in series.  
 (3) National HBS, 2005.  
 (4) National HBS, 2004.  
 (5) National HICE, 2004.

Source: Eurostat (tsdsc250)



**Figure 4.5: At-risk-of-poverty rate after social transfers, by household type, EU-25, 2005 (1)**  
(%)

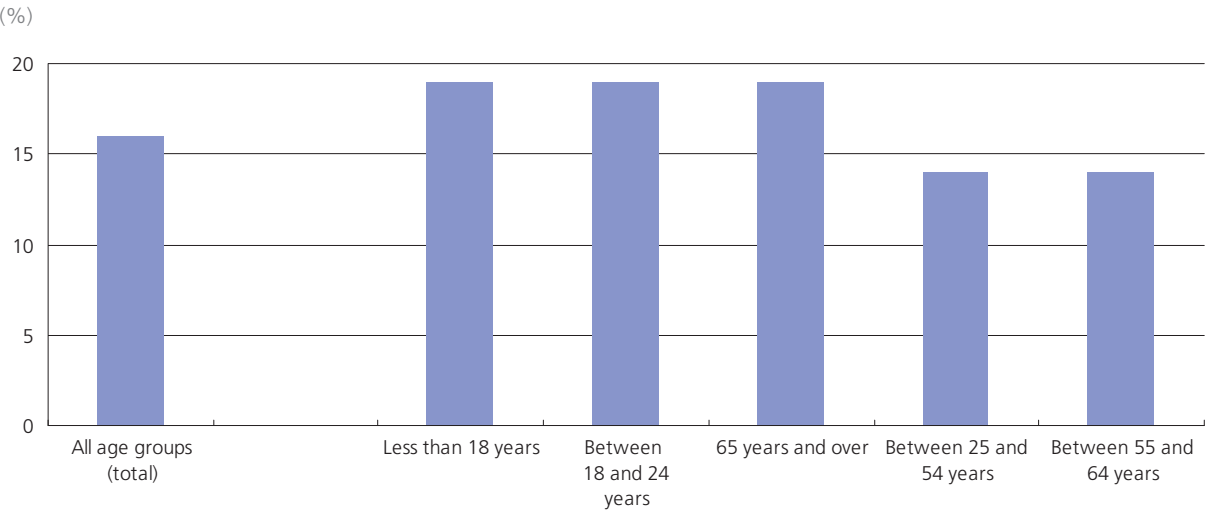


(1) Eurostat estimates based on population-weighted averages of national data.

Source: Eurostat (tsdsc240)

The share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers).

**Figure 4.6: At-risk-of-poverty rate after social transfers, by age, EU-25, 2005 (1)**  
(%)

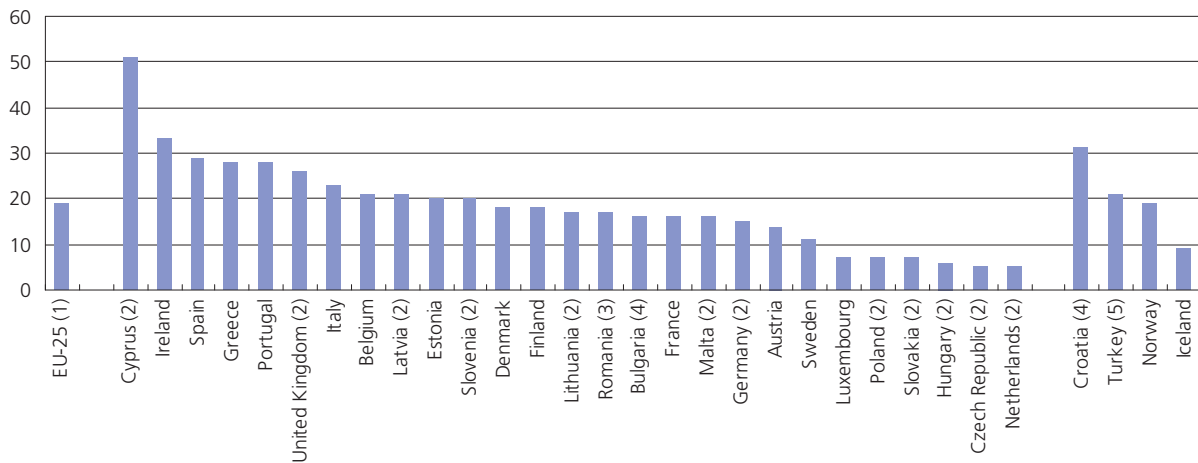


(1) Eurostat estimates based on population-weighted averages of national data.

Source: Eurostat (tsdsc230)

**Figure 4.7: At-risk-of-poverty rate after social transfers, persons aged 65 years and over, 2005**

(%)



(1) Eurostat estimate based on population-weighted averages of national data.

(2) Break in series

(3) National HBS, 2005.

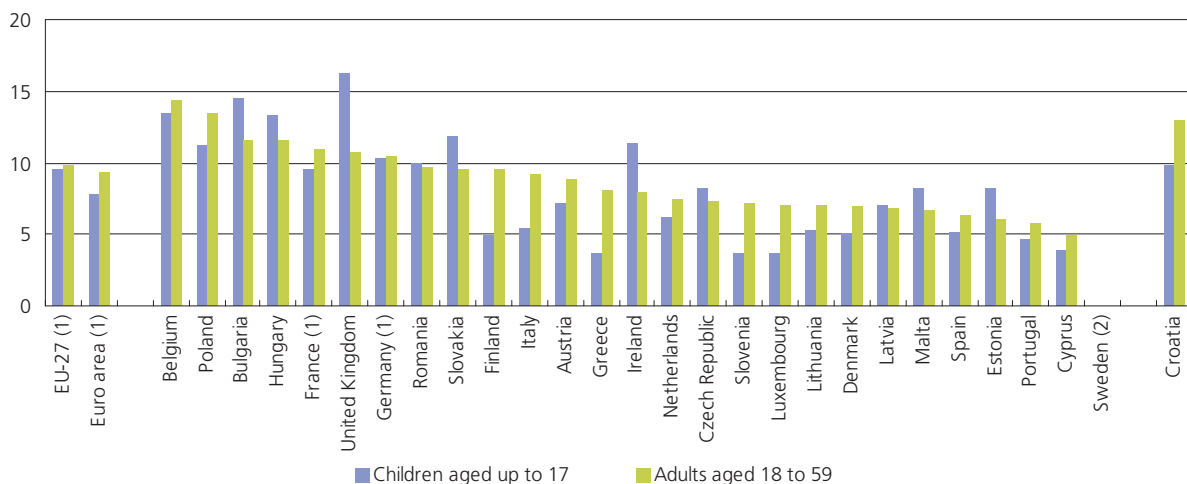
(4) National HBS, 2004.

(5) National HICE, 2004.

Source: Eurostat (tsdsc230)

**Figure 4.8: Persons living in jobless households, by age, 2006**

(% of respective age group living in households where no-one works)



(1) Estimates.

(2) Not available.

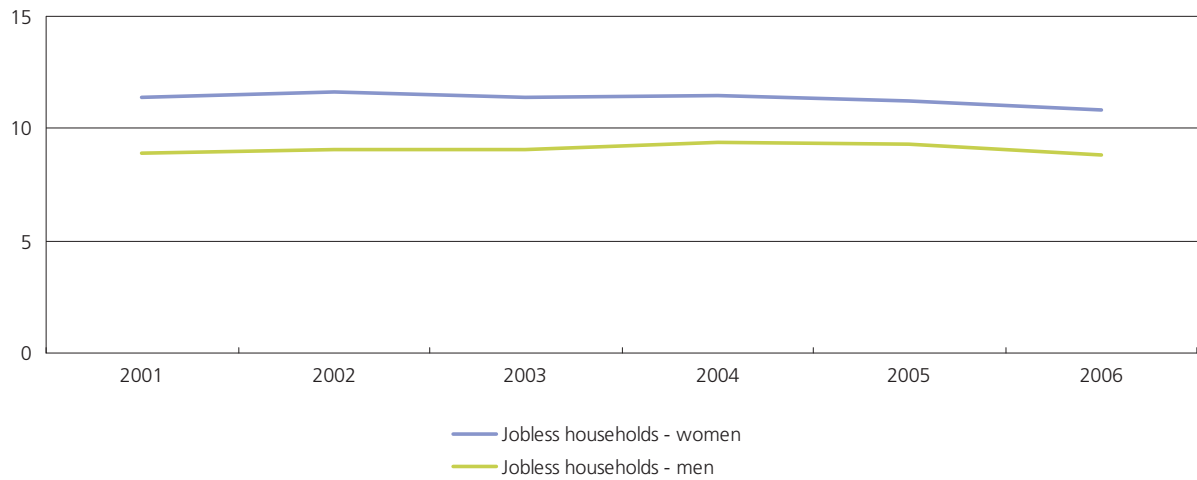
Source: Eurostat (tsisc071 and tsisc072)

The indicator children aged 0-17 years living in jobless households is calculated as a share of children aged 0-17 who are living in households where no one is working. Both the numerators and the denominators come from the EU Labour Force Survey (LFS).

The indicator people aged 18-59 years living in jobless households is calculated as a share of persons aged 18-59 who are living in households where no one works. Students aged 18-24 who live in households composed solely of students of the same age class are not counted in either numerator nor denominator. Both the numerators and the denominators come from the EU Labour Force Survey (LFS).

**Figure 4.9: Persons living in jobless households, by gender, EU-27 (1)**

(% of respective gender aged 18-59 who are living in households where no-one works)



(1) Estimates.

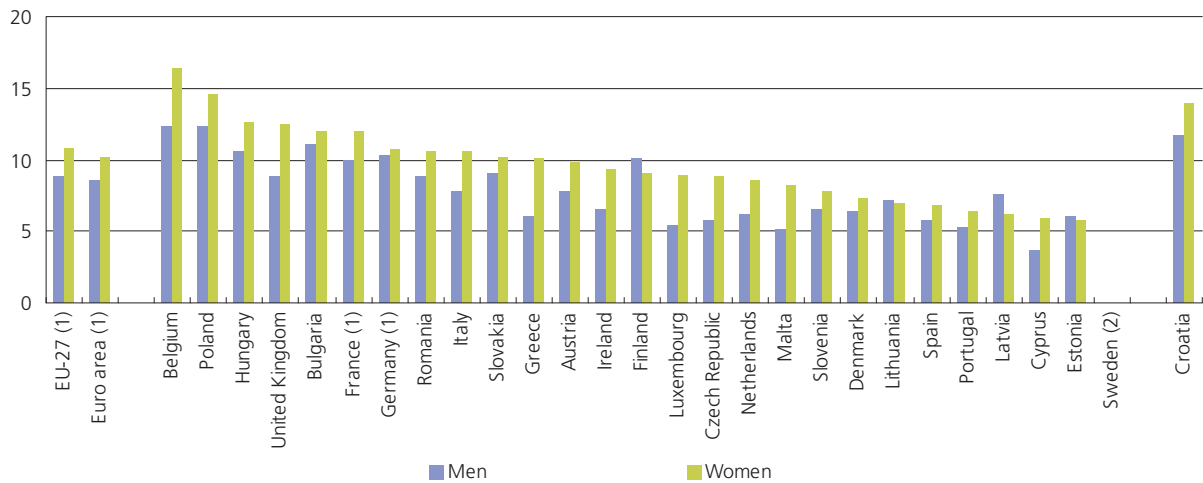
Source: Eurostat (tsisc073 and tsisc074)

The indicator women aged 18-59 years living in jobless households is calculated as a share of women aged 18-59 who are living in households where no one works. Students aged 18-24 who live in households composed solely of students of the same age class are not counted in either numerator nor denominator. Both the numerators and the denominators come from the EU Labour Force Survey (LFS).

The indicator men aged 18-59 years living in jobless households is calculated as a share of men aged 18-59 who are living in households where no one works. Students aged 18-24 who live in households composed solely of students of the same age class are not counted in either numerator nor denominator. Both the numerators and the denominators come from the EU Labour Force Survey (LFS).

**Figure 4.10: Persons living in jobless households, by gender, 2006**

(% of respective gender aged 18-59 who are living in households where no-one works)



(1) Estimates.

(2) Not available.

Source: Eurostat (tsisc073 and tsisc074)



## 4.2 HOUSEHOLD CONSUMPTION EXPENDITURE

### INTRODUCTION

The final consumption expenditure of households is the biggest component of the expenditure approach of GDP. Its evolution allows an assessment of purchases made by households, reflecting changes in wages and other incomes, but also in employment and in the behaviour towards savings. Therefore, the growth of household consumption can be somewhat different from the growth of wages and incomes.

### DEFINITIONS AND DATA AVAILABILITY

Final consumption expenditure of households refers to expenditure incurred on the domestic territory (by residents and non-residents) on goods and services used for the direct satisfaction of individual needs. It covers the purchase of goods and services, the consumption of own production (such as garden produce) and the imputed rent of owner-occupied dwellings. The data on consumption expenditure may be broken down according to the Classification of Individual Consumption by Purpose (COICOP), which identifies 12 different headings at its most aggregated level (COICOP offers additional detail within each of these headings at the three-digit level, with 41 sub-categories). The Council regulation for the European system of accounts 1995 <sup>(48)</sup> provides the underlying basis for the collection of data on household consumption expenditure referred to within this section; the data is provided by Eurostat's national accounts statistics.

(48) Council Regulation (EC) No 2223/96 (see <http://forum.europa.eu.int/irc/dsis/nfaccount/info/data/esa95/esa95-new.htm> for a consolidated version that takes account of subsequent changes).

### MAIN FINDINGS

The consumption habits of households vary substantially among the 27 Member States. Factors such as culture, income, weather, household composition, economic structure and degree of urbanisation can influence habits in each country. Household consumption expenditure averaged PPS 12 700 per capita in the EU-27 in 2005.

Household consumption represented 57 % of GDP in the EU-27 in 2005. In most of the Member States, this percentage lay between 50 and 70 %, while in Greece, Malta and Cyprus it was more than 70 %, which could be mainly explained by the importance of expenditure by non-residents.

Housing, water, electricity, gas and other fuels was the most important category of household consumption expenditure in the EU-27 in 2005, accounting for more than one fifth of total expenditure; transport, and food and non-alcoholic beverages were the two next most important categories.

The proportion of household expenditure devoted to each of the consumption categories varies greatly between Member States. The highest proportion of total expenditure on housing, water, electricity, gas and other fuels in 2005 was recorded in Sweden (28.3 %), which was around 2.5 times as high as in Malta (10.9 %).

### SOURCES

#### Methodologies and working papers

COICOP-HBS 1997 (Classification of Individual Consumption by Purpose)  
European system of accounts ESA 1995

#### Website data

##### Economy and finance

##### National accounts (including GDP)

Annual national accounts

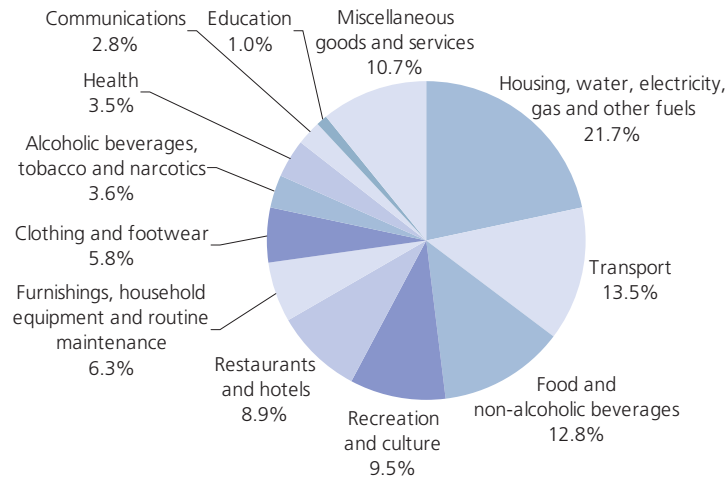
National Accounts detailed breakdowns (by industry, by product, by consumption purpose)

Final consumption aggregates

Final consumption expenditure of households by consumption purpose

**Figure 4.11: Consumption expenditure of households on goods and services, EU-27, 2005 (1)**

(% of total household consumption expenditure)



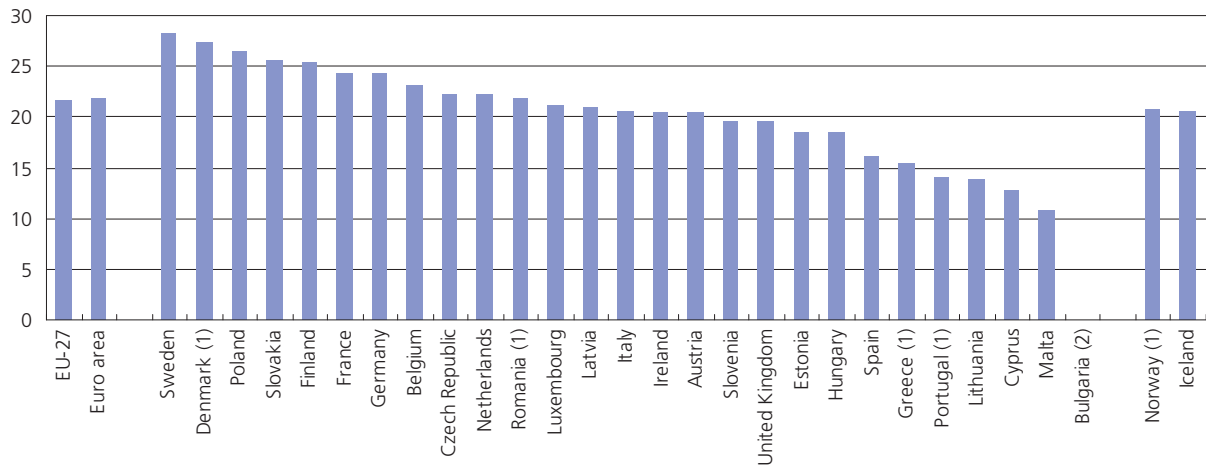
(1) Figures do not sum to 100 % due to rounding.

Source: Eurostat (tps00079, tps00080, tps00081, tps00082, tps00083, tps00084, tps00085, tps00086, tps00087, tps00088, tps00089 and tps00090)

Household final consumption expenditure consists of the expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant.

**Figure 4.12: Consumption expenditure of households on housing, water, electricity, gas and other fuels, 2005**

(% of total household consumption expenditure)



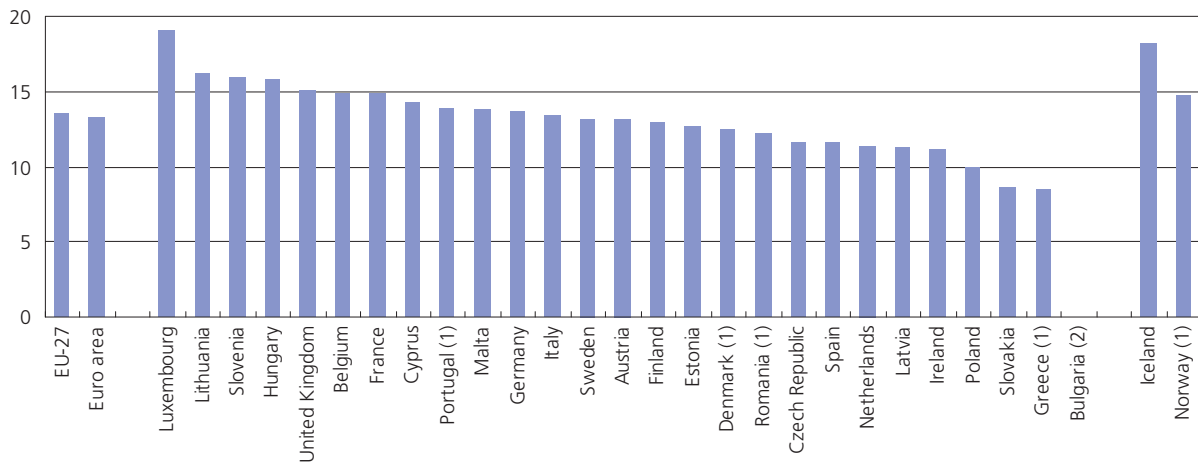
(1) 2004.

(2) Not available.

Source: Eurostat (tps00083)

**Figure 4.13: Consumption expenditure of households on transport, 2005**

(% of total household consumption expenditure)



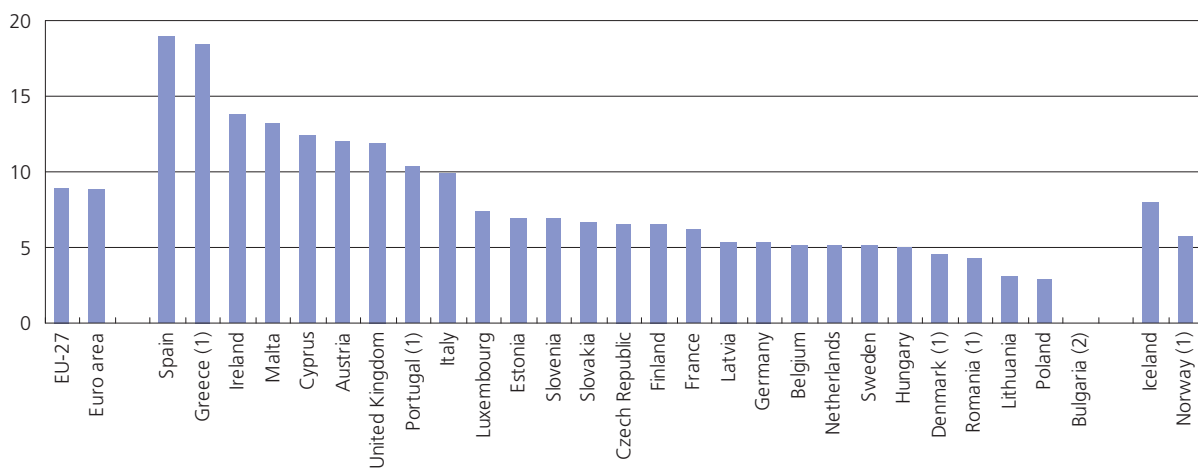
(1) 2004.

(2) Not available.

Source: Eurostat (tps00086)

**Figure 4.14: Consumption expenditure of households on restaurants and hotels, 2005**

(% of total household consumption expenditure)



(1) 2004.

(2) Not available.

Source: Eurostat (tps00088)

Table 4.3: Total consumption expenditure of households (domestic concept)

	As a proportion of GDP (%)			Per capita (PPS)		
	1995	2000	2005	1995	2000	2005
<b>EU-27</b>	56.8	57.6	57.0	8 300	10 900	12 700
<b>Euro area</b>	56.5	57.0	56.6	9 600	12 300	14 000
<b>Belgium</b>	52.3	52.1	51.1	9 900	12 500	14 000
<b>Bulgaria</b>	70.3	73.0	:	3 300	3 900	:
<b>Czech Republic</b>	51.8	54.5	50.7	5 600	7 100	8 700
<b>Denmark (1)</b>	50.6	47.0	47.7	9 800	11 800	12 800
<b>Germany</b>	54.8	55.7	56.1	10 400	12 600	14 300
<b>Estonia</b>	60.3	59.6	54.3	3 200	5 100	7 500
<b>Ireland</b>	52.2	45.7	42.1	7 900	11 400	13 500
<b>Greece (1)</b>	76.6	71.8	70.4	8 400	10 500	12 900
<b>Spain</b>	62.9	63.1	60.1	8 500	11 700	13 700
<b>France</b>	56.0	55.4	56.1	9 500	12 200	14 300
<b>Italy</b>	59.6	61.1	59.7	10 600	13 600	14 100
<b>Cyprus</b>	82.4	83.4	76.3	10 700	14 100	16 000
<b>Latvia</b>	62.7	60.7	60.3	2 900	4 200	6 800
<b>Lithuania</b>	65.7	66.1	66.1	3 300	4 900	7 900
<b>Luxembourg</b>	47.6	46.6	44.8	15 600	21 600	26 200
<b>Hungary</b>	56.4	55.6	54.8	4 200	5 900	7 900
<b>Malta</b>	78.1	76.5	73.5	9 900	12 200	12 600
<b>Netherlands</b>	48.4	49.2	47.8	8 800	12 600	14 000
<b>Austria</b>	57.3	57.0	57.1	11 400	14 500	16 400
<b>Poland</b>	59.5	63.0	61.8	3 700	5 800	7 000
<b>Portugal (1)</b>	65.6	64.6	64.8	7 200	9 600	10 500
<b>Romania</b>	:	69.1	68.5	:	3 400	5 300
<b>Slovenia</b>	61.6	59.1	56.9	6 500	8 700	10 800
<b>Slovakia</b>	53.9	56.3	57.3	3 800	5 400	7 700
<b>Finland</b>	50.1	47.5	49.6	7 900	10 600	12 700
<b>Sweden</b>	48.3	47.3	46.5	8 800	11 300	12 400
<b>United Kingdom</b>	60.9	61.9	60.6	10 000	13 800	16 200
<b>Turkey</b>	70.3	71.5	67.4	3 000	4 100	4 300
<b>Iceland</b>	54.5	55.7	54.1	10 600	13 900	16 400
<b>Norway (1)</b>	47.3	40.9	42.1	9 400	12 800	14 900

(1) 2004 instead of 2005.

Source: Eurostat (tec00092 and tec00093)

Total household consumption expenditure refers to expenditure incurred on the domestic territory, by residents and non-residents, on goods and services used for the direct satisfaction of individual needs. It covers the purchase of goods and services, the consumption of own production and the imputed rent of owner-occupied dwellings. The figures are expressed as a proportion of GDP in %. The figures are expressed per capita and in purchasing power standards (PPS), i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of household consumption between countries. This presentation is intended for cross-country comparisons rather than for temporal comparisons.





## 4.3 HOUSING

### INTRODUCTION

Given that housing, water, electricity, gas and other fuels were the main components of consumption expenditure for EU-27's households in 2005 (see Subchapter 4.2 on household consumption expenditure), indicators related to housing enable a better knowledge of certain aspects of social exclusion.

The data used in this section are primarily derived from micro-data from the new Community Statistics on Income and Living Conditions (EU-SILC) survey. From 2005 onwards, EU-SILC covers the EU-25 Member States as well as Norway and Iceland. Bulgaria, Romania, Turkey and Switzerland launched EU-SILC in 2006.

### DEFINITIONS AND DATA AVAILABILITY

The reference population of EU-SILC is all private households and their current members residing in the territory of the Member State at the time of data collection. Persons living in collective households and in institutions are generally excluded from the target population. A household is defined in terms of shared household expenses. If household expenses are not shared, then the person(s) constitute separate household(s) at the same address.

### MAIN FINDINGS

The average number of persons living in a household in the EU-25 was 2.4 in 2005, with the highest average being recorded in Cyprus (equal to 3.0) where there was on average one person more living in household compared with Denmark (2.0), the lowest average size among the Member States.

The most recent periodic census (2001) identifies wide ranging differences across the EU-25 as regards the ownership status: in Estonia, Lithuania, Hungary, Spain and Slovenia there was a high proportion of households that owned their house, while there was a tendency for lower levels of ownership in Germany, Austria and the Netherlands. It is difficult to pinpoint the reasons for such differences, as the distribution of households may be related to the degree of urbanisation, the quality of accommodation, and the supply of new or renovated housing.

Around one quarter of the EU-25's population faced problem of noise from neighbours or from street in 2005, while some 18 % had problems with pollution, grime or other environmental problems. The first category of problems (noise) appeared to be particularly prevalent in the Netherlands, where more than one third of the population considered that they suffer from it. In Malta, more than 35 % of the population declared to suffer from pollution, grime or other environmental problems. It was in Sweden, that the lowest proportion of the population declared to suffer of each of these problems.

### SOURCES

#### Methodologies and working papers

The continuity of indicators during the transition between ECHP and EU-SILC

The production of data on homelessness and housing deprivation in the European Union: survey and proposals

#### Website data

##### Living conditions and welfare

Income and living conditions

Income distribution and monetary poverty

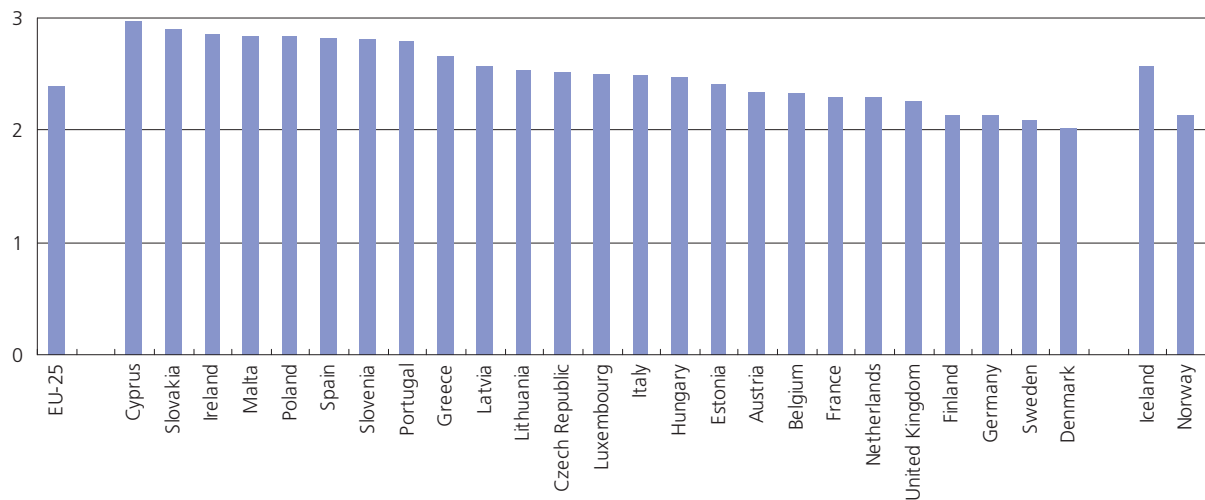
Non-monetary poverty and social exclusion

Households and living conditions



**Figure 4.15: Average number of persons per private household, 2005 (1)**

(persons)



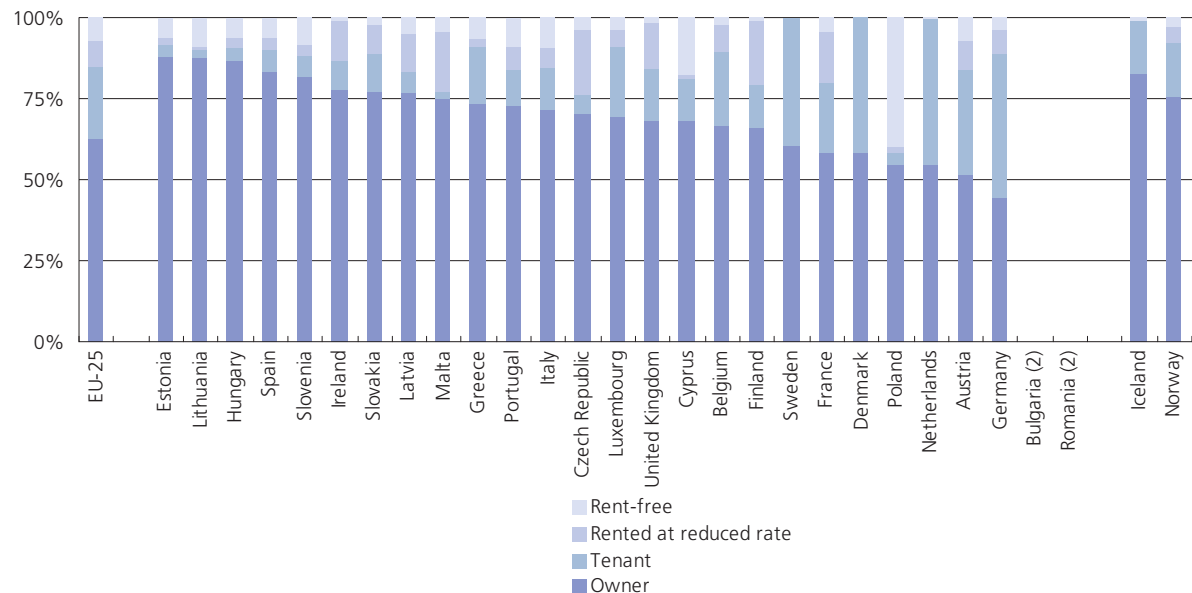
(1) Date of extraction: 14.11.2007.

Source: Eurostat (tps00091)

Number of persons living in private households divided by the number of private households. Collective households such as boarding houses, halls of residence and hospitals and the persons living in them are excluded.

**Figure 4.16: Tenure status of households, 2005 (1)**

(%)



(1) Date of extraction: 14.11.2007.

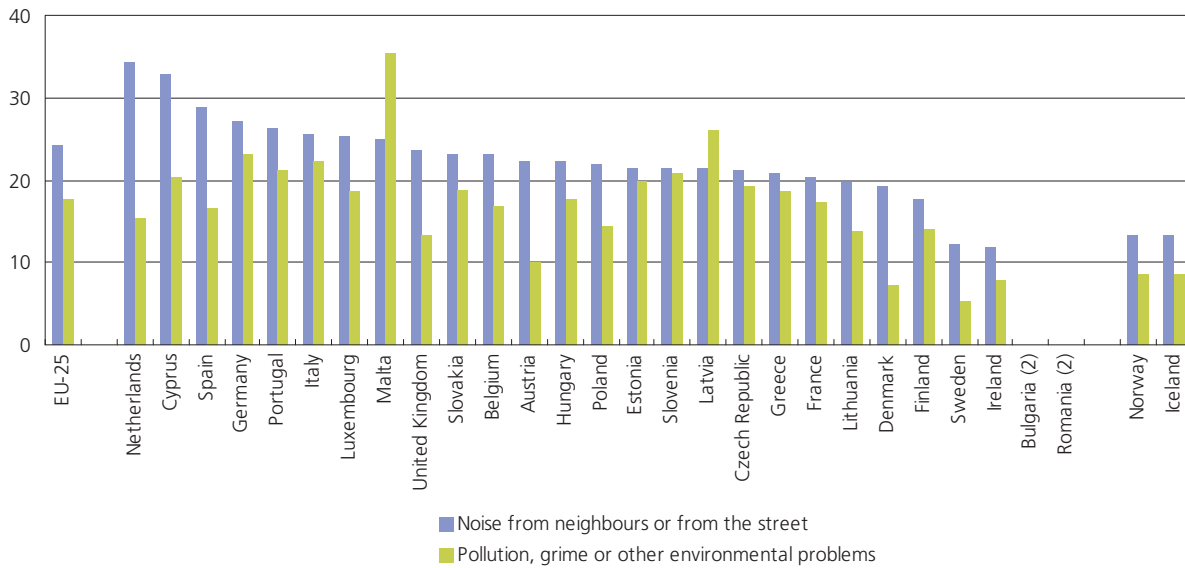
(2) Not available.

Source: Eurostat (EU-SILC)



**Figure 4.17: Population living in households considering that they suffer from noise and from pollution, 2005 (1)**

(%)



(1) Date of extraction: 14.11.2007.

(2) Not available.

Source: Eurostat (ilc\_ho\_problemb)

The indicator shows the percentage of total population who declare to be affected either by noise from neighbours or outside or by pollution caused by traffic or industry.



## 4.4 SOCIAL PROTECTION

### INTRODUCTION

Social protection systems are highly developed in the EU: they are designed to protect people against the risks associated with unemployment, parental responsibilities, ill health and invalidity, the loss of a spouse or parent, old age, housing and social exclusion. The model used in each Member State is somewhat different and some social protection benefits are provided by private social protection schemes, although they continue to be financed by government (at least partially).

Data on expenditure and receipts of social protection are drawn up according to the European System of integrated Social Protection Statistics (ESSPROS) methodology. This system has been designed to allow a comparison of social protection flows between Member States.

### DEFINITIONS AND DATA AVAILABILITY

Social protection encompasses all action by public or private bodies to relieve households and individuals of the burden of a defined set of risks or needs associated with old age, sickness, childbearing and family, disability, unemployment, etc.

Social protection expenditure includes the provision of social benefits, administration costs and other expenditure.

Social benefits are direct transfers in cash or kind by social protection schemes to households and individuals to relieve them of the burden of distinct risks or needs; benefits via the fiscal system are excluded.

Administration costs represent the costs charged to the scheme for its management and administration; other expenditure consists of miscellaneous expenditure by social protection schemes (payment of property income and other).

Benefits are classified according to eight social protection functions (which represent a set of risks or needs):

- sickness/healthcare benefits — including paid sick leave, medical care and provision of pharmaceutical products;
- disability benefits — including disability pensions and the provision of goods and services (other than medical care) to the disabled;
- old age benefits — including old age pensions and the provision of goods and services (other than medical care) to the elderly;
- survivors' benefits — including income maintenance and support in connection with the death of a family member, such as survivors' pensions;

- family/children benefits — including support (except healthcare) in connection with the costs of pregnancy, childbirth, childbearing and caring for other family members;
- unemployment benefits — including vocational training financed by public agencies;
- housing benefits — including interventions by public authorities to help households meet the cost of housing;
- social exclusion benefits — including income support, rehabilitation of alcohol and drug abusers and other miscellaneous benefits (except healthcare).

The 'pensions' aggregate comprises part of periodic cash benefits under the disability, old age, survivors and unemployment functions. It is defined as the sum of the following social benefits: disability pension, early-retirement benefit due to reduced capacity to work, old age pension, anticipated old age pension, partial pension, survivors' pension, early-retirement benefit for labour market reasons.

The units responsible for providing social protection (social protection schemes) are financed in different ways, as their receipts comprise social security contributions paid by employers and protected persons, contributions by general government, and other receipts from a variety of sources (for example, interest, dividends, rent and claims against third parties).

Social contributions by employers are all costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants. They can be paid by resident or non-resident employers. They include all payments by employers to social protection institutions (actual contributions) and social benefits paid directly by employers to employees (imputed contributions).

Social contributions made by protected persons comprise contributions paid by employees, by the self-employed and by pensioners and other persons.

### MAIN FINDINGS

Social protection expenditure in the EU-25 represented about 27 % of GDP in 2004, a proportion that grew by 2.6 % compared with the equivalent share recorded in 2000. The largest proportion was recorded in Sweden, where slightly less than one third of the GDP was spent on social protection in 2004. At the other end of the spectrum, the Baltic countries accounted with the lowest proportion of GDP dedicated to social protection.



The use of a purchasing power standard (PPS) allows an unbiased comparison of social protection expenditure per capita between countries, taking account of differences in price levels. Hence, the highest level of expenditure on social protection per capita was registered in Luxembourg <sup>(49)</sup> (PPS 12 180 per capita), while Sweden, Denmark, Austria and the Netherlands all accounted with more than PPS 8 000 per capita. The Baltic countries stood at the other end of the spectrum, with less than PPS 1 700 in 2004. The disparities between countries are partly related to differing levels of wealth and also reflect differences in social protection systems, demographic trends, unemployment rates and other social, institutional and economic factors.

Still based on PPS, old age represented the largest social benefit function (more than 40 % of total social benefits) in the EU-25 in 2004, followed by Sickness and healthcare (28 %).

EU-25 expenditure on pensions was equivalent to 12.3 % of GDP in 2004, ranging from a high of 14.7 % in Italy to a low of 4.1 % in Ireland. Expenditure on care for elderly in EU-25 was equivalent to 0.5 % of GDP in the same year, while this share reached 2.6 % in Sweden and was of 0.1 % or less in the Baltic countries, in three Southern Member States (Greece, Italy and Cyprus) and in Belgium and Luxembourg.

Social protection was mainly financed by employers' social contribution (for some 39 %) and general government contributions (for some 37 %) in the EU-25 in 2004.

(49) Luxembourg is a special case insofar as a significant proportion of benefits (primarily expenditure on healthcare, pensions and family benefits) are paid to persons living outside the country; if this particular feature is left out of the calculation, expenditure falls to approximately PPS 10 200 per capita.

## SOURCES

### Statistical books

European social statistics – Social protection – Expenditure and receipts

### Methodologies and working papers

ESSPROS Manual 1996

### Website data

#### Living conditions and welfare

Social protection

Social protection expenditure

Social protection receipts

Table 4.4: Total expenditure on social protection

(% of GDP)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>EU-25</b>	:	:	:	:	:	:	26.6	26.8	27.0	27.4	27.3
<b>Euro area (1)</b>	28.0	27.3	27.6	27.3	27.0	27.0	26.7	26.8	27.4	27.8	27.7
<b>Belgium</b>	28.7	27.4	28.0	27.4	27.1	27.0	26.5	27.3	28.0	29.1	29.3
<b>Bulgaria</b>	:	:	:	:	:	:	:	:	:	:	:
<b>Czech Republic</b>	:	17.4	17.6	18.6	18.5	19.2	19.5	19.4	20.2	20.2	19.6
<b>Denmark</b>	32.5	31.9	31.2	30.1	30.0	29.8	28.9	29.2	29.7	30.7	30.7
<b>Germany</b>	27.7	28.2	29.3	28.9	28.8	29.2	29.2	29.3	29.9	30.2	29.5
<b>Estonia</b>	:	:	:	:	:	:	14.0	13.1	12.7	12.9	13.4
<b>Ireland</b>	19.7	18.8	17.6	16.4	15.2	14.6	14.1	15.0	16.0	16.5	17.0
<b>Greece</b>	22.1	22.3	22.9	23.3	24.2	25.5	25.7	26.7	26.2	26.0	26.0
<b>Spain</b>	22.8	21.6	21.5	20.8	20.2	19.8	19.7	19.5	19.8	19.9	20.0
<b>France</b>	30.2	30.3	30.6	30.4	30.0	29.9	29.5	29.6	30.4	30.9	31.2
<b>Italy</b>	25.3	24.2	24.3	24.9	24.6	24.8	24.7	24.9	25.3	25.8	26.1
<b>Cyprus</b>	:	:	:	:	:	:	14.8	14.9	16.3	18.5	17.8
<b>Latvia</b>	:	:	:	15.3	16.1	17.2	15.3	14.3	13.9	13.4	12.6
<b>Lithuania</b>	:	:	13.4	13.8	15.2	16.4	15.8	14.7	14.1	13.6	13.3
<b>Luxembourg</b>	22.9	20.7	21.2	21.5	21.2	20.5	19.6	20.8	21.4	22.2	22.6
<b>Hungary</b>	:	:	:	:	:	20.7	19.3	19.3	20.3	21.1	20.7
<b>Malta</b>	:	:	16.5	17.2	17.1	17.0	16.3	17.1	17.1	17.9	18.8
<b>Netherlands</b>	31.7	30.6	29.6	28.7	27.8	27.1	26.4	26.5	27.6	28.3	28.5
<b>Austria</b>	28.8	28.7	28.6	28.6	28.3	28.7	28.2	28.6	29.1	29.5	29.1
<b>Poland</b>	:	:	:	:	:	:	19.5	20.8	21.2	20.9	20.0
<b>Portugal</b>	21.3	21.0	20.2	20.3	20.9	21.4	21.7	22.7	23.7	24.2	24.9
<b>Romania</b>	:	:	:	:	:	:	:	:	:	:	:
<b>Slovenia</b>	:	:	24.0	24.5	24.8	24.7	24.9	25.3	25.3	24.6	24.3
<b>Slovakia</b>	:	18.4	19.3	19.6	20.0	20.0	19.3	18.9	19.0	18.2	17.2
<b>Finland</b>	33.7	31.5	31.4	29.1	27.0	26.2	25.1	24.9	25.6	26.5	26.7
<b>Sweden</b>	36.5	34.3	33.6	32.7	32.0	31.7	30.7	31.3	32.3	33.3	32.9
<b>United Kingdom</b>	28.6	28.2	28.0	27.5	26.9	26.4	27.1	27.5	26.4	26.4	26.3
<b>Iceland</b>	18.4	18.9	18.7	18.5	18.4	19.0	19.3	19.6	21.6	23.3	23.0
<b>Norway</b>	27.6	26.7	26.0	25.3	27.1	27.1	24.6	25.6	26.2	27.5	26.3
<b>Switzerland</b>	25.0	25.7	26.6	27.5	27.7	27.6	27.4	28.1	28.7	29.3	29.5

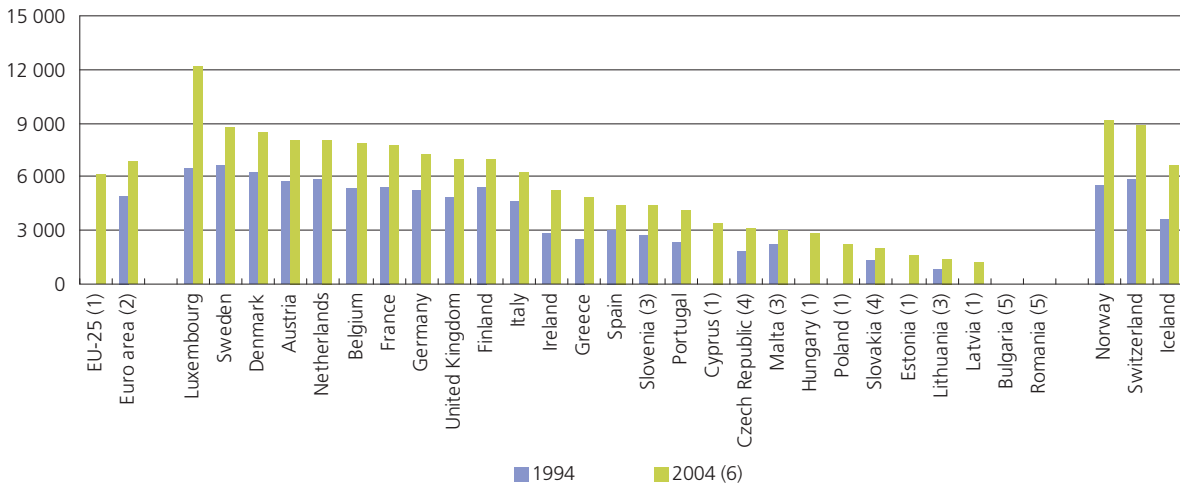
(1) EA-12.

Source: Eurostat (tps00098)

Expenditure on social protection contains: social benefits, which consist of transfers, in cash or in kind, to households and individuals to relieve them of the burden of a defined set of risks or needs; administration costs, which represent the costs charged to the scheme for its management and administration; other expenditure, which consists of miscellaneous expenditure by social protection schemes (payment of property income and other).

**Figure 4.18: Total expenditure on social protection per capita**

(PPS)

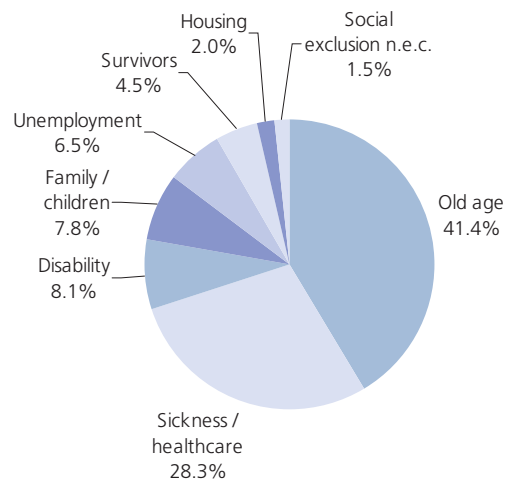


- (1) 1994, not available.
- (2) EA-12.
- (3) 1996 instead of 1994.
- (4) 1995 instead of 1994.
- (5) Not available.
- (6) EU-25 and the United Kingdom, estimates; euro area, the Czech Republic, Germany, Spain, France, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovenia, Slovakia and Sweden, provisional.

Source: Eurostat (tps00100)

**Figure 4.19: Social benefits, EU-25, 2004 (1)**

(%, based on PPS)



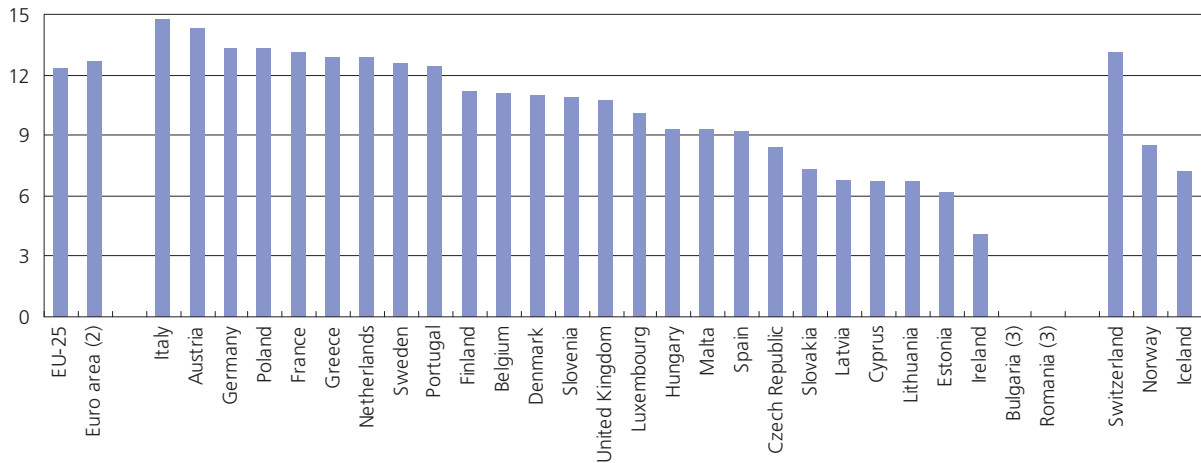
(1) Estimates; figures do not sum to 100 % due to rounding.

Source: Eurostat (tps00107)

Social benefits consist of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of a defined set of risks or needs.

**Figure 4.20: Expenditure on pensions, 2004 (1)**

(% of GDP)



(1) EU-25 and the United Kingdom, estimates; euro area, the Czech Republic, Germany, Spain, France, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovenia, Slovakia and Sweden, provisional.

(2) EA-12.

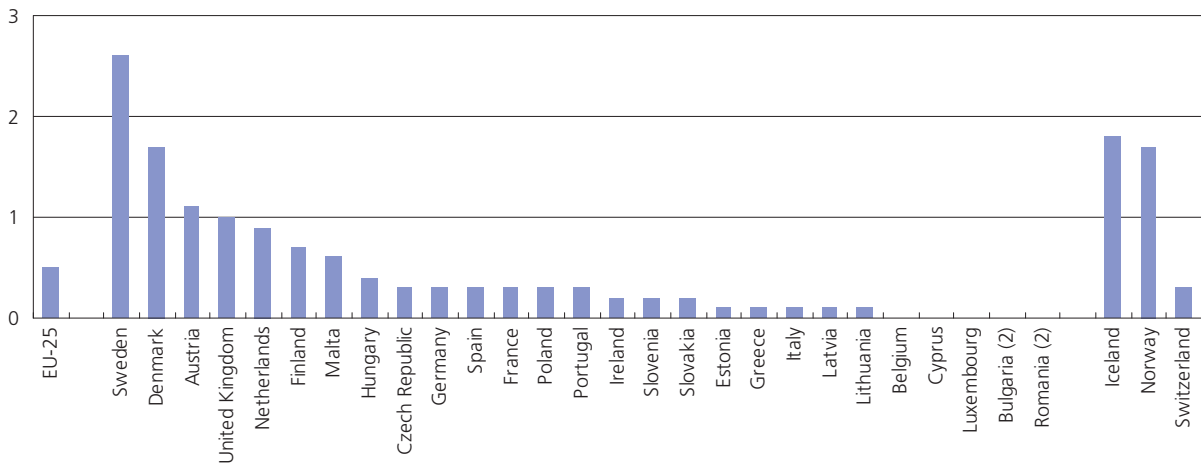
(3) Not available.

Source: Eurostat (tps00103)

The pensions aggregate comprises part of periodic cash benefits under the disability, old age, survivors and unemployment functions. It is defined as the sum of the following social benefits: disability pension, early-retirement due to reduced capacity to work, old age pension, anticipated old-age pension, partial pension, survivors' pension, early-retirement benefit for labour market reasons.

**Figure 4.21: Expenditure on care for elderly, 2004 (1)**

(% of GDP)



(1) EU-25 and the United Kingdom, estimates; all other countries except Belgium, Denmark, Estonia, Ireland, Greece, Cyprus, Hungary, Malta, Austria and Finland, provisional.

(2) Not available.

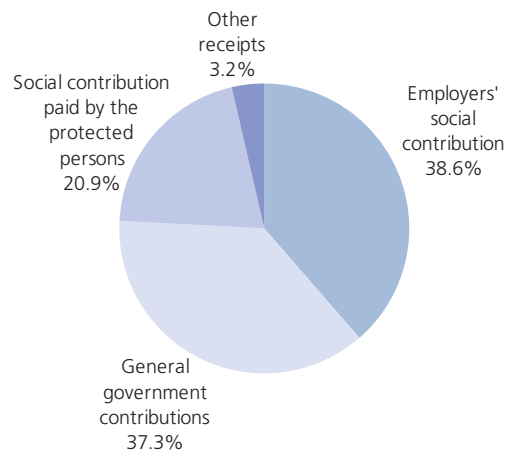
Source: Eurostat (tsdde530)

The indicator is defined as the percentage share of social protection expenditure devoted to old age care in GDP. These expenditures cover care allowance, accommodation, and assistance in carrying out daily tasks.



**Figure 4.22: Social protection receipts, EU-25, 2004 (1)**

(% of total receipts)



(1) Estimates.

Source: Eurostat (tps00108)

Receipts of social protection schemes comprise social contributions, general government contributions and other receipts. Employers' social contributions are the costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants. Employers' social contributions may be actual or imputed; they can be paid by resident or non-resident employers.



## 4.5 GOOD GOVERNANCE

### INTRODUCTION

The term 'governance' covers a wide range of concepts. Indeed, it is used in connection with several contemporary social sciences, especially economics and political science. It originates from the need of economics (enterprise governance for instance) and political science (State governance) for a broad concept and meanings that could not be covered by the traditional term 'government'.

Referring to the exercise of power overall, the term 'governance', in both corporate and State contexts, embraces action by executive bodies, assemblies (such as national parliaments) and judicial bodies (national courts and tribunals for example).

In July 2001, the European Commission adopted the White Paper on European Governance. This White Paper contains a series of recommendations on how to enhance democracy in Europe and boost the legitimacy of the institutions. The aim is to modernise European public action in order to increase the accountability of European executive bodies to the elected assemblies and open up the EU's decision-making procedures to allow citizens to participate in making decisions which concern them.

### DEFINITIONS AND DATA AVAILABILITY

Voter turnout is the percentage of persons who cast a vote or 'turn out' at an election as a share of the total population entitled to vote. It includes those who cast blank or invalid votes. In Belgium, Luxembourg and Greece, voting is compulsory. In Italy, voting is a civic obligation (no penalty).

The level of citizens' confidence in each EU institution (the European Parliament, the European Commission and the Council of the European Union) is expressed as the share of positive opinions (people who declare that they 'tend to trust') about this institution. The remaining categories, not shown in the table, include the percentage of negative opinions (people who declare that they 'tend not to trust'), as well as 'don't know' and/or 'no answer'. The data are based on the twice-yearly EuroBarometer, a survey which has been used, since 1973, to monitor the evolution of public opinion in the Member States.

### MAIN FINDINGS

Voter turnout at EU parliamentary elections in June 2004 ranged from 90.8 % in Belgium (where voting is compulsory) to 17.0 % in Slovakia. Note that Bulgaria and Romania joined the EU at the start of 2007 and are electing their members this year. The next parliamentary elections are in 2009.

A survey on public opinion conducted in May 2006 showed that somewhat more than half of all citizens declared they tended to trust the European Parliament, while less than one half tended to trust either the Council of the European Union or the European Commission.

### SOURCES

#### Statistical books

Measuring progress towards a more sustainable Europe: 2007 monitoring report on the EU sustainable development strategy

#### Pocketbooks

EU economic data pocketbook – Quarterly

#### Methodologies and working papers

European system of accounts ESA 1995

Handbook on quarterly national accounts

Handbook on price and volume measures in national accounts

Eurostat-OECD Methodological manual on purchasing power parities

NACE Rev. 1 – Statistical classification of economic activities in the European Community

#### Website data

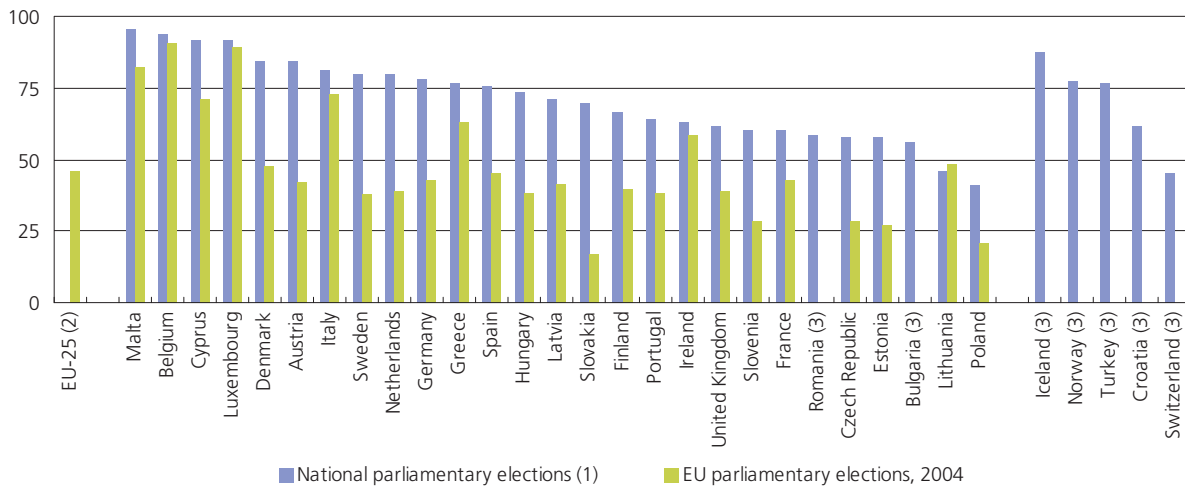
#### Key indicators on EU policy (predefined tables)

##### Sustainable Development Indicators

Good governance

Figure 4.23: Voter turnout

(%)



- (1) Latest elections: Bulgaria, Denmark, Germany, Poland, Portugal, the United Kingdom and Norway, 2005; Greece, Spain, Lithuania, Luxembourg, Romania and Slovenia, 2004; Belgium, Estonia, Malta, the Netherlands, Finland, Croatia, Iceland and Switzerland, 2003; the Czech Republic, Ireland, France, Latvia, Hungary, Austria, Slovakia, Sweden and Turkey, 2002; Italy and Cyprus, 2001.
- (2) National parliamentary elections, not applicable.
- (3) EU parliamentary elections, not applicable.

Source: Eurostat (tsdgo310), International Institute for Democracy and Electoral Assistance, European Parliament

The number of those who cast a vote or turnout at an election includes those who cast blank or invalid votes. In Belgium, Luxembourg and Greece, voting is compulsory. In Italy, voting is a civic obligation (no penalty). The EU average was estimated by Eurostat on the basis of the trends observed in each of the Member States.

The indicator measures the percentage of the population who cast a vote or turnout at an election in the total population which has got the right to vote. The turnout includes those who cast blank or invalid votes. In Belgium, Luxembourg and Greece, voting is compulsory. In Italy, voting is a civic obligation (no penalty).

Table 4.5: Level of citizens' confidence in EU institutions (1)

(%)

	Council of the European Union		European Parliament		Commission of the European Communities	
	2001	2006	2001	2006	2001	2006
<b>EU-27</b>	:	43	:	52	:	47
<b>Belgium</b>	43	54	63	65	59	63
<b>Bulgaria</b>	:	41	:	51	:	44
<b>Czech Republic</b>	:	51	:	57	:	53
<b>Denmark</b>	46	49	53	62	63	55
<b>Germany</b>	33	38	47	49	36	42
<b>Estonia</b>	:	47	:	52	:	52
<b>Ireland</b>	51	47	65	62	61	57
<b>Greece</b>	45	61	60	63	51	61
<b>Spain</b>	49	43	59	47	54	45
<b>France</b>	40	38	57	50	53	44
<b>Italy</b>	41	56	66	65	56	60
<b>Cyprus</b>	:	57	:	60	:	57
<b>Latvia</b>	:	36	:	40	:	38
<b>Lithuania</b>	:	44	:	54	:	50
<b>Luxembourg</b>	61	51	70	64	64	59
<b>Hungary</b>	:	60	:	71	:	63
<b>Malta</b>	:	50	:	52	:	51
<b>Netherlands</b>	48	42	58	54	55	51
<b>Austria</b>	35	40	46	44	39	43
<b>Poland</b>	:	49	:	56	:	53
<b>Portugal</b>	45	53	55	59	51	55
<b>Romania</b>	:	55	:	59	:	54
<b>Slovenia</b>	:	60	:	65	:	65
<b>Slovakia</b>	:	50	:	62	:	56
<b>Finland</b>	41	46	51	53	46	51
<b>Sweden</b>	39	28	44	49	37	44
<b>United Kingdom</b>	17	23	28	31	25	28
<b>Croatia</b>	:	40	:	43	:	39
<b>Turkey</b>	:	29	:	34	:	29

(1) Survey conducted in May of each year.

Source: Eurostat (tsdgo510), European Commission, Eurobarometer survey

The level of citizens' confidence in each EU institution (European Parliament, European Commission and Council of Ministers of the European Union) is expressed as the share of positive opinions (people who declare that they tend to trust) about this institution. The remaining categories, not shown in the table, include the percentage of negative opinions (people who declare that they tend not to trust), as well as don't know and/or no answer. The data are based on the bi-yearly EuroBarometer, a survey which has been used, since 1973, to monitor the evolution of public opinion in the Member States.