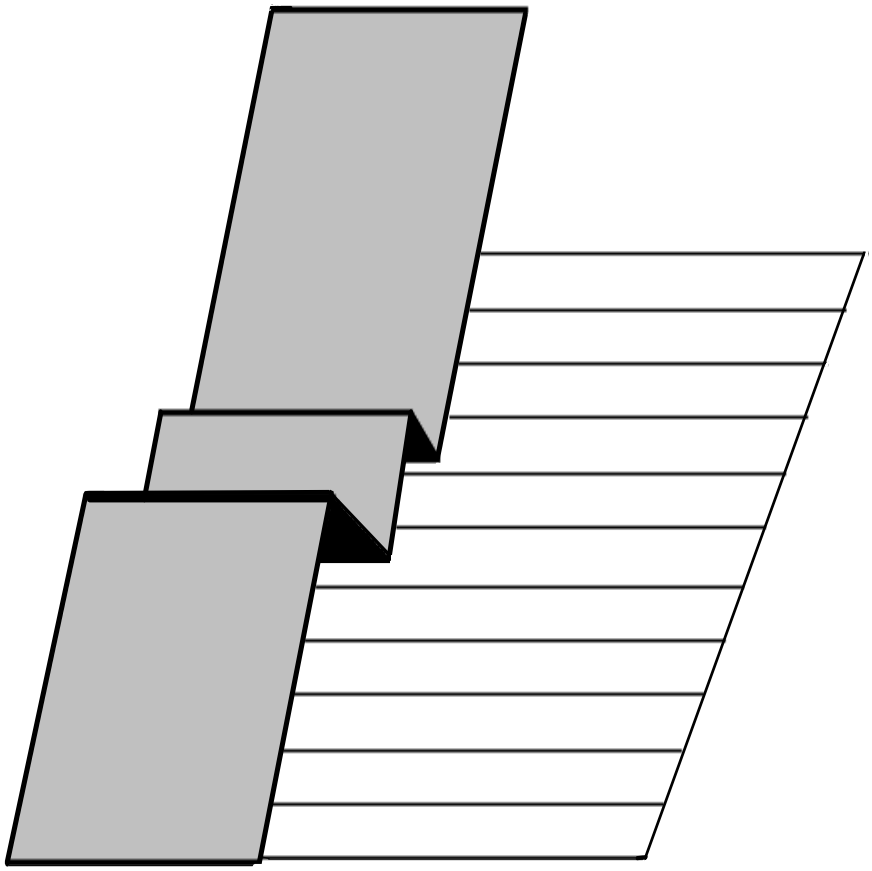
Annex 1

Annex 1 to the Eurostat Report on Annual Adjustment of Remuneration and Pension
Explanations and statistical analyses

Reference period:
Year to 1 July 2005

Commission Staff Working Paper



Statistical Office of the European Communities
Unit D5
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Introduction

This document is an annex to the Eurostat report on annual adjustment of remuneration and pension. While the main results concerning specific indicator and correction coefficients for staff and pensioners are presented in the report, the purpose of this annex is to give some explanations and statistical analyses of the results as well as detailed tables with statistical information.

Articles 64 and 65 and Annex XI of the Staff Regulations, which are in force since 1 May 2004, define the method for the annual adjustment of the remuneration and pension of Community officials.

The value of the adjustment is equal to the product of the specific indicator and the change in the cost of living index in Brussels. Changes in the cost of living in places of employment other than Brussels and Luxembourg are derived indirectly from the value of the adjustment for Brussels and changes in the economic parities between Brussels and those other places.

Chapters 1, 2, 3 and 4 of this report examine respectively:

- the changes in the purchasing power of salaries of central government civil servants in the eight Member States belonging to the sample: Belgium, Germany, Spain, France, Italy, Luxembourg, Netherlands and United Kingdom (specific indicator);
- the changes in the cost of living for Brussels;
- the economic parities and the correction coefficients for staff;
- the economic parities and the correction coefficients for pensioners.

In Chapter 5 some information about working time in Central Govertments of the eights sampled Member States is given.

All figures and calculations contained in this report are based on data supplied by the responsible authorities in the Member States. For any information concerning this annex, please contact Eurostat in Luxembourg:

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1. EVOLUTION OF PURCHASING POWER OF NATIONAL OFFICIALS

1.1. General remarks on the calculation of the specific indicator

The ***specific indicator*** is a measure to represent the average change in the purchasing power of central government civil servants in Member States of the European Communities. It is measured by the real net salary increase in the central government civil service.

One of the basic elements of the annual salary adjustment procedure is the principle of **parallel development** of the salaries, in terms of purchasing power of national central government civil servants and of officials of the European Communities. The **specific indicator** is the methodological tool allowing the implementation of this principle of parallelism.

Article 65 and Annex XI determine the basic principles of the method, but these have to be filled with practical procedures. Therefore, we provide here a set of commonly agreed basic definitions. If a specific situation in a given country makes it meaningful to deviate from these definitions to ensure a better application of the spirit of the method, then Eurostat, in agreement with that country may do so.

1.1.1. Elements of remuneration

All elements of remuneration that affect the purchasing power of civil servants should be taken into account in calculating the gross remuneration. All general bonuses and premiums, which are part of the salary, should be reported. In general the following elements should be taken into account:

- basic salaries,
- all allowances and bonuses (e.g. general premiums, child benefit, family allowances)
- non-pensionable lump-sum payments (e.g. annual holiday pay, Christmas bonus)

Not to be included:

- regional allowances granted to compensate for 'cost-of-living' differences.
- Increase due to promotion or seniority.
- Person-specific special allowances, for example, for exceptional performance.

1.1.2. Net remuneration

In order to get net remuneration the following elements should be deducted from the gross remuneration:

- the amount of compulsory social deductions (social security and occupational pension scheme contributions),
- general taxes on income and
- other compulsory deductions (mutual assistance contribution, temporary contribution, etc.).

1.1.3. Reference period

In order to calculate the specific indicators for the year (t) the remuneration of central government civil servants on a fixed date of the year (t-1) is to be compared with the remuneration on the same date of the year (t).

The method is based on the comparison of a snapshot of a national remuneration system in the month of July of the current year with the equivalent snapshot in the month of July of the previous year. A snapshot of the system, however, does not simply mean the remuneration grid in a particular month; rather, the remuneration level of the reference population employees in that month, including 1/12 of all annually paid elements such as Christmas bonuses, annual holiday pay, lump-sum payments etc.

If Member States report remuneration data of a given month/year again, (e.g. data concerning remuneration of July 2004 sent in 2004 and again in 2005), the data should be exactly the same. If not, they have to provide Eurostat with a clear justification (e.g. change in the structure of grades and categories in the public administration or other corrections leading to retroactive corrections).

1.1.4. Reference population

The reference population relates to permanent statutory staff of the sub-sector **"central governments" (S.1311 of ESA95)** of Member States. It should be noted that the sub-sector S.1311 in ESA 95 is defined as follows:

"The sub-sector central government includes all administrative departments of the State and other central agencies whose competence extends normally over the whole economic territory, except of the administration of social security funds."

The reference population should however exclude the following groups:

- the armed forces, security forces, police forces, frontier guards, etc.;
- teachers, staff of national health services;
- ministers of religion, if directly paid by central government;
- diplomats and magistrates.

1.1.5. Sample of family types

The specific indicator for each country is calculated on the basis of remuneration data of officials of two different family statuses - **single** and **married with two dependent children**, and each with a weight of 50%.

1.1.6. Function groups

According to Annex XI Eurostat is obliged to provide a specific indicator for each of the two function group: Administrator (AD) and Assistants (AST). Therefore, the posts in the national reference population should be classified, according to the nature of the duties to which they relate, in these two function groups – each should comprise several grades.

- Function group **AD** relates to staff engaged in administrative, advisory, linguistic and scientific duties that require university education or equivalent professional experience.
- Function group **AST** relates to staff engaged in executive, technical and clerical duties that require an advanced level of secondary education or equivalent professional experience.

1.1.7. Sample of grades

Out of the reference population the Member States may select a sample of the more important grades in terms of staff numbers for each of the above mentioned function groups. Grades having only a small proportion of the total number of staff may not be taken into the sample.

The sample should be representative of the reference population. The ratio between the number of staff in the grades covered by the sample and the number in the reference population should normally be more than 75%.

1.1.8. Sample of countries

Article 1.4 of the Annex XI says that to establish a global specific indicator for the European Union, Eurostat shall use a sample composed of the following Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, Netherlands and United Kingdom

1.1.9. Calculation of country specific indicator

On receipt of the data from the Member States Eurostat calculates specific indicators for each of the countries separately. The steps leading to these calculations are:

- Average gross and net remunerations for each grade are then aggregated to two function groups (AD and AST). They are calculated by taking weighted averages of the grades belonging to these groups. The sample size (number of civil servants in the sample of each grade) is taken as weight.
- The average gross and net remunerations for the two function groups are then aggregated to overall gross and net remunerations in the central government civil service by taking weighted average of the remunerations of these two groups, where the total number of civil servants in each of the groups is taken as weights.
- For each of the function group as well as for the overall remunerations the following changes for the period July – July are calculated:
  - Gross nominal
  - Net nominal
  - Gross real
  - Net real
- The increases in real terms are calculated by taking account of increase in harmonized index of consumer price (HICP) for this period.
- The overall real net increase in remuneration is called the **country specific indicator**.

1.2. Specific indicator - results by functional groups

Table 1.1 sets out the gross and net specific indicators both in nominal and real terms for each of the two function-groups.

Table 1.1

Nominal and real changes in the remuneration of national civil servants in the twelve-month period to 1st July 2005 (1.7.2004 = 100)

Country		Nominal change			Real change		
		AD	AST	Total	AD	AST	Total
BE	Gross	108.0	101.7	103.4	105.2	99.0	100.7
	Net	106.1	101.6	102.7	103.3	98.9	100.0
DE	Gross	101.4	100.9	101.2	99.6	99.1	99.4
	Net	102.5	101.7	102.1	100.7	99.9	100.3
ES	Gross	103.3	103.0	103.1	100.1	99.8	99.9
	Net	102.6	102.5	102.5	99.4	99.3	99.3
FR	Gross	102.3	102.6	102.5	100.5	100.8	100.7
	Net	101.4	101.6	101.6	99.6	99.8	99.8
IT	Gross	100.0	100.0	100.0	97.8	97.8	97.8
	Net	102.1	101.8	101.9	99.9	99.6	99.7
LU	Gross	103.5	103.5	103.5	100.3	100.3	100.3
	Net	102.5	102.7	102.6	99.3	99.5	99.4
NL	Gross	101.1	102.0	101.6	99.6	100.5	100.1
	Net	98.5	98.7	98.6	97.0	97.2	97.1
UK	Gross	103.2	103.4	103.4	101.2	101.4	101.4
	Net	103.2	103.4	103.4	101.2	101.4	101.4
EUR	**Gross**	**102.1**	**101.9**	**102.0**	**100.0**	**99.8**	**99.9**
	Net	**102.3**	**102.0**	**102.1**	**100.2**	**99.9**	**100.0**

1.3. Remuneration and taxes

An analysis of the changes in the nominal gross and nominal net specific indicators in relation to the rate of inflation makes it possible to follow changes in statutory deductions and general tax items over the reference period. This year there is no unique development to be seen in the eight countries in the sample (see Table 1.2).

Table 1.2

Changes in the nominal gross and nominal net specific indicators in relation to the rate of inflation for the twelve-month period to 1st July 2005

Country	Gross remuneration	Net remuneration	12 Months HICP
BE	103.4	102.7	102.7
DE	101.2	102.1	101.8
ES	103.1	102.5	103.2
FR	102.5	101.6	101.8
IT	100.0	101.9	102.2
LU	103.5	102.6	103.2
NL	101.6	98.6	101.5
UK	103.4	103.4	102.0
EUR 15	**102.0**	**102.1**	

1.4. Cumulative specific indicators

Table 1.3 illustrates the changes in the remuneration of central government civil servants since 2000. This table shows the evolution of gross and net specific indicators at current prices, the development in consumer price indices as well as gross and net specific indicators in real terms. Over the period 2000-2005 the real net specific indicator for the European Union has increased by 2.2%.

Table 1.3

Changes in the purchasing power of salaries of civil servants in the central governement in the Member States (2000=100)

Country	Nominal gross specific indicator	Nominal net specific indicator	Consumer price indices*	Real gross specific indicator	Real net specific indicator
BE	115.8	117.3	110.8	104.5	105.9
DE	105.6	110.2	108.7	97.1	101.4
ES	114.1	113.2	118.2	96.5	95.8
FR	119.0	114.2	110.1	108.1	103.7
IT	110.8	114.7	112.9	98.0	101.5
LU	118.4	124.9	112.8	105.1	110.7
NL	113.0	108.6	113.4	99.7	95.6
UK	118.4	117.5	111.3	106.5	105.7
EUR 15	**113.4**	**114.0**		**101.8**	**102.2**

* 2000-2004: National consumer price indices. 2005- : Harmonized index of consumer prices

1.5. Control Indicators

Annex XI mentions explicitly, between the possible control indicators, the real per capita emoluments in central government. Eurostat measures the variation, at constant prices, in the per capita wage bill in sub-sector S.1311 of the national accounts (per capita salary of central government). As this indicator is expressed in gross terms, it is compared with the real gross specific indicator.

The gross specific indicator and the control indicator are different by definition and it is natural to expect them to show some differences. Indeed, changes in the control indicator are determined not only by variations in collective labour agreements but also by intrinsic factors (changes in the average age of the reference population, promotion to higher categories, etc.) and by changes in incidental salary components such as overtime payments, productivity incentives, and early retirement compensation.

Furthermore, there are certain factors which distort the statistical comparability of the two indices (the quality of the sample used to calculate the specific indicator, differences in the reference populations, part-time work, employers' social contributions, etc.). The deflator used for the control indicator is the consumers' expenditure deflator in the national accounts; the deflator for the specific indicator is the consumer price index (till 2004, the national index; since 2005 the harmonized index). In addition control indicator values for the reference period are often estimates.

Eurostat identifies differences between the two indicators during the reference period, therefore puts a greater emphasis on the medium-term trend analysis. For some Member States there are in fact divergences. However, if the conceptual and statistical differences between the gross specific indicator and in the control indicator are netted out, they show a parallel development. Table 1.4 shows the medium term trend in real gross per capita remuneration and the per capita real wage bills. The table presents the changes in these two indicators for the period 2000-2005.

More detailed tables on several control indicators are presented in Annex 2.

Table 1.4
Comparison of the gross specific indicator and the control indicator in real terms
Medium-term trend (2000 = 100)

Country	Gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	104.5	106.7	2.1
DE	97.1	100.5	3.5
ES	96.5	105.2	9.0
FR	108.1	106.6	-1.4
IT	98.0	107.9	10.0
LU	105.1	111.0	5.6
NL	99.7	99.6	0.0
UK	106.5	100.6	-5.5
Total	**101.8**	**104.1**	**2.3**

*Eurostat and DG-ECFIN estimates

2. CHANGES IN THE COST OF LIVING IN BRUSSELS

2.1. Brussels International Index

Article 64 and Annex XI of the Staff Regulations state that Eurostat shall draw up an index, based on the data provided by the Belgian authorities, to measure the changes in the cost of living for officials of the Communities in Brussels.

This index, known as Brussels International Index (BII), shall take into account the changes between June of the previous year and June of the current year and shall be based on methodology defined by the Working Group on Article 64 of the Staff Regulations.

The following price indices are used to calculate Brussels International Index:

1) For all basic headings except for those stated in points 2) and 3) the Belgian harmonised indices of consumer prices (HICP).
2) In order to take account of the specific situation in Brussels, for the following 9 basic headings the Brussels specific consumer price indices are used. These indices are provided by the "*Service public federal Economie, P.M.E.*"
    - Water supply
    - Electricity
    - Gas
    - Other services in respect of personal transport equipment
    - Passenger transport by road
    - Combined passenger transport
    - Restaurants, cafes and the like
    - Accommodation services
    - Hairdressing salons and personal grooming establishments
3) The basic headings figures for accommodation costs for tenants (rents index) and owner-occupiers (imputed rents index) are replaced in the Brussels International Index by an index calculated by Eurostat based on the results of an annual survey carried out among EC staff employed in Brussels.

The weights used to aggregate the 80 basic headings of this index are derived from family budget surveys (FBS) carried out among EU officials in Brussels. The details of the calculation of the BII corresponding to this annual review are given in the Eurostat Report. Table 2.1 shows both the annual and cumulative changes in the Brussels cost-of-living index since 1991.

During the years 1990-2003 this index was calculated as a weighted index composed of the Joint Index and the Brussels capital component index. Since 2004, according to the Staff Regulations it is calculated as Brussels International Index as described above.

Table 2.1

Brussels Cost-of-living index

	Measure for increase in cost-of-living in Brussels*	
	Previous year = 100	**1990 = 100**
1991	**104.1**	**104.1**
1992	**103.5**	**107.7**
1993	**102.2**	**110.1**
1994	**102.4**	**112.8**
1995	**100.9**	**113.8**
1996	**101.5**	**115.5**
1997	**101.5**	**117.2**
1998	**101.4**	**118.9**
1999	**100.9**	**119.9**
2000	**102.4**	**122.8**
2001	**103.1**	**126.6**
2002	**101.3**	**128.3**
2003	**102.3**	**131.2**
2004	**101.9**	**133.7**
2005	**102.2**	**136.6**

*Till 2003: Weighted index, composed of Joint Index and Brussels Index

2004 - : Brussels International Index (BII)

3. EQUIVALENCE OF PURCHASING POWER OF EC OFFICIALS IN THE MEMBER STATES

3.1. Economic parities and correction coefficients

The object of the economic parities is to compare the relative costs of living of European institution officials in Brussels (reference city) and in each of the capitals and other places of employment for which a correction coefficient has been set. The method used is to compare the price of a "basket" of goods and services purchased by the average official in Brussels with the price of the same basket in each of the other places of employment. The average of all the price ratios is the "economic parity".

The system works as follows: the total range of goods and services constituting the consumption of the average European institution official is divided into 80 basic headings (such as meat, footwear, motor cars, books). A price ratio between the place of employment and Brussels is established for each of these headings; this is called the basic parity. Price surveys are conducted on products selected to represent the basic heading and specified in the necessary detail to enable prices in a sufficiently narrow range to be collected.

The Staff Regulations require each basic parity to be checked by direct survey at least once every five years. In practice checks are carried out at shorter intervals as part of the European Comparison Programme (ECP). At each annual salary review around one third of the basic price parities are replaced by new parities produced by the latest price survey.

For the 2005 annual review, new parities obtained from price surveys have been integrated for the following groups:

- Food, beverages and tobacco (survey spring 2003);
- Personal appearance (survey autumn 2003);
- Health (third survey held in 2001).

The 80 basic parities are then updated using the price index ratio between the place of employment and Brussels.

Housing is dealt with differently. Special rent surveys of estate agents are carried out each year at each place of employment, including Brussels, to calculate an economic parity for the basic heading "accommodation costs for tenants". The calculation follows a methodology that has been developed by Eurostat in collaboration with the national statistical institutes of the Member States, based on the principle that the parity used should be calculated in such a way to allow European institution officials outside Brussels to live in dwellings of comparable quality to those occupied by European institution officials in Brussels. The basic parity "accommodation costs of owner-occupiers" is calculated by reference to the rent the owner-occupiers would pay if they were tenants (these are known as "imputed rents").

In order to calculate the overall economic parities weights have to be applied to each basic heading according to its relative importance in the consumption basket. These weights are calculated directly from the results of the special family budget surveys conducted among European and international civil servants every five to seven years. The resulting structure reflects the consumption of the average international civil servant in Brussels and in each

country or place of employment. New consumption weights have been introduced this year for Germany.

Using the 80 basic parities and the specific weights the overall parity is calculated in two ways: the first uses the consumption pattern for the reference city (Brussels) (this is a type of Laspeyres index); the second uses the consumption pattern for the place of employment (this is a type of Paasche index). In accordance with the standard practice for international comparisons both types of index are calculated and the geometric mean of the results (a Fisher index) is the one actually used as the economic parity.

The correction coefficients applicable to the salaries of the European institution officials working in the capitals and places of employment other than Brussels and Luxembourg, which are calculated for the month of July, are determined on the basis of the relationships between the economic parities and the exchange rates fixed by the Commission and specified in the Staff Regulations for the relevant countries. The correction coefficient operates as a percentage adjustment to salaries to take account of the cost of living differences between Brussels and the various duty stations.

The details of the economic parities calculation, at the level of 12 main consumption groups, are shown in table 3.1 for all capitals and other places apart from Brussels and Luxembourg. This table also includes information about the consumption weights by country and by expenditure groups.

3.2. Rents and rent parities

Changes in the rent parities are provided in the Table 3.2 which shows also the average rents by type of dwelling on which the calculation is based. These average rents are in fact weighted moving averages, based on a six-year model, to take into account the average occupancy length. Any annual updating of rents during the life of the typical lease is included in the model by using the appropriate adjustment indices.

Table 3.1 (Continued on next page)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2005
(for staff)

Expenditure	BE	CZ-Prague		DK-Copenhagen		DE-Berlin		DE-Bonn		DE-Karlsruhe		DE-Munich	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	90.9	128.4	19.167	54.2	9.221	104.6	0.944	104.6	0.983	104.6	1.016	104.6	1.045
2	21.2	25.9	23.720	12.6	9.560	23.2	0.968	23.2	0.938	23.2	0.924	23.2	0.925
3	54.6	73.6	26.280	50.1	7.245	49.1	0.933	49.1	0.895	49.1	0.886	49.1	0.888
4	260.7	273.7	35.534	335.8	11.283	248.8	0.960	248.8	0.844	248.8	0.812	248.8	1.178
5	103.7	110.8	24.304	67.4	8.796	89.6	1.007	89.6	0.992	89.6	1.007	89.6	1.028
6	17.2	4.0	18.567	11.3	7.906	15.4	1.650	15.4	1.650	15.4	1.650	15.4	1.650
7	160.9	129.3	26.650	181.2	11.884	180.9	1.105	180.9	1.080	180.9	1.085	180.9	1.069
8	23.3	18.9	34.619	25.3	6.075	21.0	0.822	21.0	0.822	21.0	0.822	21.0	0.822
9	115.5	87.0	27.152	116.4	8.384	134.8	0.998	134.8	0.994	134.8	0.969	134.8	1.005
10	13.1	0.0	-	32.6	8.290	13.7	1.020	13.7	0.976	13.7	0.970	13.7	0.957
11	65.0	79.0	30.628	43.0	9.853	77.9	0.988	77.9	0.968	77.9	1.016	77.9	1.055
12	73.9	69.2	22.779	70.1	13.697	41.0	1.022	41.0	0.974	41.0	0.891	41.0	1.032
Rents	225.4	253.5	37.679	246.7	11.436	198.0	0.965	198.0	0.838	198.0	0.787	198.0	1.249
Total without rents	774.6	746.4	24.640	753.3	9.756	802.0	1.012	802.0	0.995	802.0	0.999	802.0	1.020
Global parity	1000.0	999.9	27.196	1000.0	10.122	1000.0	1.002	1000.0	0.960	1000.0	0.950	1000.0	1.064

Expenditure	BE	EE-Tallinn		EL-Athens		ES-Madrid		FR-Paris		IT-Rome		IT-Varese	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	90.9	135.2	11.200	62.0	0.896	120.2	0.886	98.6	1.010	105.8	1.032	105.8	1.064
2	21.2	27.3	12.946	17.0	1.004	24.1	0.794	20.7	1.007	23.1	1.010	22.5	1.002
3	54.6	77.5	13.130	88.3	0.965	71.4	0.976	50.8	0.881	64.6	0.999	63.3	1.004
4	260.7	225.4	13.347	261.6	0.982	248.9	1.170	285.0	1.718	210.4	1.421	191.5	0.789
5	103.7	116.7	11.205	89.2	0.845	107.1	1.044	89.2	1.082	108.5	1.022	113.4	1.081
6	17.2	4.2	11.526	17.0	0.780	14.4	0.799	14.1	0.839	9.9	1.222	16.9	1.222
7	160.9	146.7	12.149	158.2	0.945	144.2	1.013	153.1	1.030	156.2	0.981	171.3	1.013
8	23.3	19.9	10.871	37.0	0.874	19.0	1.102	20.4	1.119	20.3	0.869	21.2	0.745
9	115.5	91.2	14.710	97.3	1.095	92.3	1.000	118.7	1.054	127.4	1.125	135.5	1.106
10	13.1	0.0	-	20.2	0.570	14.1	0.871	14.6	0.806	19.5	0.727	13.8	0.551
11	65.0	83.2	12.973	66.2	0.958	76.2	0.994	71.7	1.051	72.0	0.952	60.6	1.053
12	73.9	72.8	12.338	86.0	0.767	68.1	0.837	63.1	1.137	82.3	1.246	84.2	1.299
Rents	225.4	207.0	14.218	222.0	1.068	205.7	1.280	232.5	1.917	164.5	1.583	130.9	0.755
Total without rents	774.6	793.0	12.152	778.0	0.895	794.3	0.951	767.5	1.029	835.5	1.029	869.1	1.049
Global parity	1000.0	1000.0	12.558	1000.0	0.930	1000.0	1.012	1000.0	1.190	1000.0	1.118	1000.0	0.990

Table 3.1 (Continued on next page)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2005
(for staff)

Expenditure	BE	IE-Dublin		CY-Nicosia		LV-Riga		LT-Vilnius		HU-Budapest		MT-Valletta	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	90.9	77.8	1.103	139.9	0.59780	130.7	0.47383	131.2	2.1332	122.7	180.71	128.6	0.35085
2	21.2	27.4	1.705	28.2	0.81090	26.4	0.51069	26.5	2.9980	24.8	226.63	38.7	0.54080
3	54.6	50.2	0.851	80.1	0.54020	74.9	0.50096	75.1	2.9457	70.3	202.44	48.0	0.36019
4	260.7	291.3	1.504	197.0	0.35952	251.1	0.61176	249.1	2.8646	298.3	319.99	220.5	0.27299
5	103.7	72.2	1.035	120.7	0.56496	112.8	0.50966	113.2	2.3670	105.9	191.92	99.9	0.42420
6	17.2	6.7	1.103	4.4	0.55751	4.1	0.42161	4.1	2.8081	3.8	165.11	3.3	0.38251
7	160.9	210.0	1.227	151.8	0.56947	141.9	0.47445	142.3	2.6473	133.2	207.10	159.3	0.46707
8	23.3	22.4	0.920	20.6	0.25960	19.3	0.50912	19.3	2.9254	18.1	199.21	42.9	0.57590
9	115.5	100.3	1.086	95.7	0.68675	88.0	0.56077	87.8	2.8450	81.5	197.77	118.4	0.44299
10	13.1	15.3	1.485	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-
11	65.0	62.9	1.270	86.1	0.69119	80.4	0.54781	80.7	2.5043	75.5	211.11	75.8	0.37863
12	73.9	63.5	1.095	75.4	0.57313	70.4	0.52599	70.7	2.9320	66.1	164.84	64.4	0.44919
Rents	225.4	264.6	1.571	157.1	0.34539	232.4	0.67240	226.0	3.1278	273.7	343.27	180.9	0.26881
Total without rents	774.6	735.4	1.129	842.9	0.58091	767.6	0.49582	774.0	2.5486	726.3	193.31	819.1	0.42016
Global parity	1000.0	1000.0	1.224	1000.0	0.52741	1000.0	0.53005	1000.0	2.6612	1000.0	222.88	1000.0	0.38444

Expenditure	BE	NL-The Hague		AT-Vienna		PL-Warsaw		PT-Lisbon		SI-Ljubljana		SK-Bratislava	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	90.9	88.9	0.902	116.0	1.005	131.8	2.4510	95.8	0.854	125.9	194.75	121.1	26.695
2	21.2	18.5	1.062	23.2	0.980	26.6	3.5557	26.0	0.926	25.4	179.84	36.5	35.079
3	54.6	61.3	0.779	68.9	0.953	75.5	2.9014	60.8	0.835	72.1	210.47	45.2	32.410
4	260.7	215.2	1.478	275.5	1.190	249.5	3.6287	217.2	0.916	277.4	196.92	256.3	40.722
5	103.7	111.1	1.049	103.4	0.986	113.8	3.2159	111.0	0.833	108.6	179.41	94.2	29.495
6	17.2	7.6	0.801	13.9	1.262	4.1	3.0091	17.3	0.856	3.9	185.57	3.1	29.320
7	160.9	195.6	1.203	139.1	1.158	138.0	3.4316	163.9	1.088	136.6	215.44	157.4	37.842
8	23.3	23.2	0.777	18.3	0.847	19.4	3.6447	25.8	0.946	18.5	139.19	40.4	54.819
9	115.5	127.9	0.806	89.0	1.139	89.1	3.2623	108.1	0.950	86.2	241.62	113.6	35.803
10	13.1	13.5	1.008	13.6	0.960	0.0	-	30.5	0.734	0.0	-	0.0	-
11	65.0	67.0	1.184	73.5	0.927	81.1	4.0049	77.5	0.857	77.4	183.30	71.5	34.239
12	73.9	70.2	1.156	65.7	0.954	71.0	3.3222	66.1	0.905	67.8	201.69	60.7	39.514
Rents	225.4	164.4	1.564	233.9	1.225	226.1	3.8463	186.1	0.937	236.8	268.35	218.9	44.688
Total without rents	774.6	835.6	1.008	766.1	1.030	773.9	3.1610	813.9	0.910	763.2	182.96	781.1	33.575
Global parity	1000.0	1000.0	1.097	1000.0	1.071	1000.0	3.2977	1000.0	0.915	1000.0	198.68	1000.0	35.695

Table 3.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2005
(for staff)

Expenditure Groups	BE	FI-Helsinki		SE-Stockholm		UK-London		UK-Culham	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	90.9	114.9	1.094	113.4	10.356	80.1	0.64687	98.5	0.64866
2	21.2	23.0	1.343	22.7	12.557	19.9	1.04209	19.5	1.04613
3	54.6	68.3	1.021	67.4	8.669	42.3	0.52162	47.3	0.50297
4	260.7	281.9	1.285	291.5	12.708	332.4	1.73484	287.7	0.91263
5	103.7	102.4	1.054	101.1	9.316	80.2	0.72688	86.3	0.71932
6	17.2	13.8	1.294	13.6	9.027	9.6	0.68061	6.0	0.68061
7	160.9	137.9	1.212	136.0	10.780	154.6	0.81217	153.1	0.72944
8	23.3	18.1	0.843	17.9	6.219	17.6	0.53546	19.0	0.59667
9	115.5	88.2	1.308	87.0	10.167	114.8	0.71503	130.4	0.73027
10	13.1	13.4	1.237	13.3	13.836	20.9	1.44723	22.0	0.65972
11	65.0	72.9	1.236	71.9	10.202	65.1	0.81518	60.0	0.86278
12	73.9	65.1	0.981	64.2	9.069	62.5	0.79597	70.2	0.88893
Rents	225.4	240.6	1.352	250.8	12.843	308.4	1.98207	235.5	0.99947
Total without rents	774.6	759.4	1.129	749.2	9.996	691.6	0.73503	764.5	0.71440
Global parity	1000.0	1000.0	1.177	1000.0	10.601	1000.0	0.95875	1000.0	0.76960

Expenditure groups

1. Food and non-alcoholic beverages
2. Alcoholic beverages and tobacco
3. Clothing and footwear
4. Housing, water, electricity, gas and other fuels
5. Furnishings, household equipment and maintenance of house
7. Transport
8. Communications
9. Recreation and culture
10. Education
11. Hotels, cafes and restaurants

Table 3.2 (Continued on next page)

Changes in the average rents of housing (Euro; local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SE, UK) in the twelve months to 1st July 2005

Country / Place of employment			3 bedroom flat			2 bedroom flat		1 bedroom flat	
			(140-160m²)	(110-130m²)	(80-100m²)	(80-100m²)	(60-80m²)	(60-80m²)	(40-60m²)
BE	Brussels	2004	1534	1143	874	875	687	648	513
		2005	1566	1183	907	894	708	669	528
CZ	*Prague*	*2004*		*45385*		*32588*		*23129*	
		2005		*44790*		*32400*		*22627*	
DK	*Copenhagen*	*2004*		*13168*			*9278*		*6605*
		2005		*13269*			*9299*		*6693*
DE	Berlin	2004		1148		860		664	
		2005		1131		848		650	
	Bonn	2004		960		719		545	
		2005		985		734		555	
	Karlsruhe	2004		854		644		533	
		2005		866		652		536	
	Munich	2004		1490		1112		865	
		2005		1477		1101		855	
EE	*Tallin*	*2004*			*14563*		*11203*		*7914*
		2005			*14952*		*11288*		*7984*
EL	Athens	2004	1570			945		706	
		2005	1619			973		725	
ES	Madrid	2004		1238			893		699
		2005		1336			956		744
FR	Paris	2004		2188		1651			959
		2005		2268		1719			1002
IE	Dublin	2004		1679			1318		992
		2005		1618			1306		991
IT	Rome	2004		1765		1402		1042	
		2005		1874		1496		1127	
	Varese	2004		803		613		477	
		2005		853		658		514	
CY	*Nicosia*	*2004*		*380*		*297*		*226*	
		2005		*389*		*307*		*236*	

Table 3.2 (Continued on next page)

Changes in the average rents of housing (Euro; local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SE, UK) in the twelve months to 1st July 2005

Country	Place of employment		3 bedroom flat			2 bedroom flat		1 bedroom flat	
			(140-160m²)	(110-130m²)	(80-100m²)	(80-100m²)	(60-80m²)	(60-80m²)	(40-60m²)
BE	Brussels	2004	1534	1143	874	875	687	648	513
		2005	1566	1183	907	894	708	669	528
LV	*Riga*	*2004*		*789*		*606*		*462*	
		2005		*821*		*629*		*483*	
LT	*Vilnius*	*2004*			*2834*		*2142*		*1432*
		2005			*2815*		*2157*		*1423*
HU	*Budapest*	*2004*		*408132*			*244527*		*157189*
		2005		*408688*			*247548*		*158135*
MT	*Valletta*	*2004*		*287*		*207*			*136*
		2005		*280*		*207*			*140*
NL	The Hague	2004		1670		1291		997	
		2005		1770		1365		1080	
AT	Vienna	2004		1323		956		720	
		2005		1362		981		747	
PL	*Warsaw*	2004		*4852*		*3534*			*2050*
		2005		*4984*		*3541*			*2020*
PT	Lisbon	2004	1195			874		641	
		2005	1180			865		642	
SI	*Ljubljana*	*2004*		*335405*		*227848*			*145194*
		2005		*332977*		*229233*			*142913*
SK	Bratislava	2004		1448		1026		646	
		2005		1366		989		647	
FI	Helsinki	2004			1381		1097		822
		2005			1354		1083		809
SE	*Stockholm*	*2004*		*17339*		*13334*		*9672*	
		2005		*17397*		*13413*		*9769*	
UK	*London*	*2004*			*1691*		*1310*		*1020*
		2005			*1726*		*1328*		*1050*
	Culham	*2004*			*948*		*754*		*628*
		2005			*959*		*774*		*643*

Table 3.2 (Continued on next page)

Changes in the average rents of housing (Euro; local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SE, UK) in the twelve months to 1st July 2005

Country / Place of employment			Non-detached houses			Detached houses			Rent Parity
			(140-160m²)	(110-130m²)	(80-100m²)	(190-220m²)	(150-180m²)	(110-140m²)	
BE	Brussels	2004	1638	1206	952	2487	1848	1364	
		2005	1672	1247	989	2487	1869	1391	
CZ	*Prague*	*2004*		*50936*			*75083*		*39.155*
		2005		*49282*			*73019*		*37.679*
DK	*Copenhagen*	*2004*		*13504*			*18881*		*11.580*
		2005		*13715*			*19263*		*11.436*
DE	Berlin	2004		1230			1829		1.002
		2005		1225			1805		0.965
	Bonn	2004		1052			1523		0.839
		2005		1066			1576		0.838
	Karlsruhe	2004		1026			1452		0.796
		2005		1043			1477		0.787
	Munich	2004		1609			2221		1.286
		2005		1615			2237		1.249
EE	*Tallin*	*2004*		*17447*			*21613*		*14.270*
		2005		*17534*			*21939*		*14.218*
EL	Athens	2004							1.062
		2005							1.068
ES	Madrid	2004							1.231
		2005							1.280
FR	Paris	2004							1.894
		2005							1.917
IE	Dublin	2004			1670			2074	1.660
		2005			1616			2021	1.571
IT	Rome	2004		1718					1.528
		2005		1831					1.583
	Varese	2004		1029		1602			0.807
		2005		1109		1750			0.755
CY	*Nicosia*	*2004*	*551*			*855*			*0.338*
		2005	*562*			*892*			*0.345*

Table 3.2 (Continuation)

Changes in the average rents of housing (Euro; local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SE, UK) in the twelve months to 1st July 2005

Country / Place of employment			Non-detached houses			Detached houses			Rent Parity
			(140-160m²)	(110-130m²)	(80-100m²)	(190-220m²)	(150-180m²)	(110-140m²)	
BE	Brussels	2004	1638	1206	952	2487	1848	1364	
		2005	1672	1247	989	2487	1869	1391	
LV	*Riga*	*2004*	*1087*			*1355*			*0.643*
		2005	*1156*			*1470*			*0.672*
LT	*Vilnius*	*2004*		*4428*			*6077*		*3.218*
		2005		*4292*			*5954*		*3.128*
HU	*Budapest*	*2004*	*604956*			*904692*			*354.65*
		2005	*582726*			*881270*			*343.27*
MT	*Valletta*	*2004*		*392*		*686*			*0.270*
		2005		*395*		*704*			*0.269*
NL	The Hague	2004		1983					1.552
		2005		2003					1.564
AT	Vienna	2004		1555			2477		1.213
		2005		1624			2575		1.225
PL	*Warsaw*	*2004*		*5254*		*7406*			*3.791*
		2005		*5472*		*7855*			*3.846*
PT	Lisbon	2004	1516				2149		0.961
		2005	1502				2161		0.937
SI	*Ljubljana*	*2004*		*347412*			*490477*		*272.48*
		2005		*339338*			*503054*		*268.35*
SK	Bratislava	2004		1644			2271		1.209
		2005		1593			2279		1.164
FI	Helsinki	2004		1572			2105		1.392
		2005		1592			2129		1.352
SE	*Stockholm*	*2004*		*14671*			*20248*		*13.213*
		2005		*14596*			*19864*		*12.843*
UK	*London*	*2004*			*1976*				*1.989*
		2005			*2061*				*1.982*
	Culham	*2004*			*880*			*1209*	*1.007*
		2005			*903*			*1239*	*0.999*

3.3. Purchasing power parities - analysis of results

3.3.1. Major changes in the economic parities from 2004 to 2005

The calculation of correction coefficients used for salary adjustment in places other than Brussels and Luxembourg involves the revision of some of the elementary parities each year. For the 2005 salary adjustment three new price surveys have been incorporated: *food, beverages and tobacco (conducted in spring 2003), personal appearance (conducted in autumn 2003) and health (conducted in 2001)*. The rent parities have been calculated for 2005 according to the moving-average model approved by the Article 64 Working Party.

The introduction of new prices from the latest price surveys affects 23 (out of 80) elementary parities and accounts for about 24% (EU average) of the consumption weight.

Moreover, rent surveys are carried out every year in all Member States. A six-year moving average model is used for calculating rent parities: the rent parities for 2005 are based on the relative trend in the real-estate markets in Brussels and other places of employment between 2000 and 2005. These parities are, therefore, affected by the following factors:

- introduction of rent data for year 2005,
- deletion of the rent data for 1999
- price indices used for updating the rents for 2000 - 2004 to price of 2005, and
- a new dwelling structure in London and Varese

All these effects, as well as the total change in rent parities, are shown in table 3.4.

Changes in the global parities from one year to the next come mainly from both prices and rent revisions, but may also be affected by the trend in the price indices used to update the elementary parities at the date of the adjustment (1.7.2005) and by changes in the consumption structures (updated every five to seven years by the introduction of new FBS results). Details of the changes in the economic parities from 2004 to 2005, including a decomposition of these effects, are given in table 3.3.

The biggest increase in global economic parities can be observed in Riga (+3.6%) and Rome (+1.8%). Some relevant decreases were observed in Prague (-2.3%) and Vilnius (-2.0%).

Biggest increases in the rent parity could be observed in Riga (+4.6%) and Madrid (+4.0%) while the biggest decreases were recorded in Varese (-6.4%) and Dublin (-5.3%).

The reduction in the Varese rent parity is mainly due to a correction in the estimation procedure for Varese. When detached houses of 190 to 220 m^2 were introduced in the model for that city, its rents were compared with the 150 to 180 m^2 of Brussels' detached houses, resulting in a parity higher than the true one. This problem has been rectified in the figures of this year.

Table 3.3

Changes in the economic parities in the twelve months to 1st July 2005
Decomposition of the effects
(for staff)

Country	Places of employment	Introduction of new surveys				Price index (HICP)	New consumption structure	Total change
		Food	Personal appearance	Health	Rent			
CZ	Prague	-0.3	-0.2	0.1	-0.7	-1.3	0.0	-2.3
DK	Copenhagen	0.1	0.6	-0.2	-0.4	-0.4	0.0	-0.4
DE	Berlin	0.1	0.0	0.0	-0.6	-0.7	0.1	-1.0
	Bonn	0.3	-0.1	0.1	0.1	-0.7	0.1	-0.2
	Karlsruhe	0.0	0.0	0.0	-0.1	-0.7	0.3	-0.4
	Munich	0.0	0.0	0.1	-0.4	-0.7	0.2	-0.8
EE	Tallinn	-0.6	0.1	0.3	-1.1	2.2	0.0	1.0
EL	Athens	-0.6	-0.4	-0.4	-0.3	1.2	0.0	-0.5
ES	Madrid	-0.8	0.4	-0.5	0.3	1.2	0.0	0.6
FR	Paris	-0.5	-0.2	-0.2	-0.1	0.1	0.0	-1.0
IE	Dublin	0.1	2.3	-0.4	-1.4	-0.6	0.0	0.1
IT	Rome	-0.1	0.9	0.0	0.6	0.4	0.0	1.8
	Varese	-0.6	0.0	-0.2	-1.2	0.4	0.0	-1.6
CY	Nicosia	-0.7	1.0	0.6	0.3	-0.8	0.0	0.4
LV	Riga	-0.4	0.4	0.1	-1.8	5.3	0.0	3.6
LT	Vilnius	-0.7	-0.3	-0.4	-3.4	2.9	0.0	-2.0
HU	Budapest	-0.1	0.4	0.0	-1.2	0.8	0.0	-0.1
MT	Valletta	-0.9	0.2	0.3	0.0	0.8	0.0	0.4
NL	The Hague	0.2	0.1	-0.6	-0.1	-0.3	0.0	-0.7
AT	Vienna	-0.6	0.6	-0.2	-0.3	-0.3	0.0	-0.8
PL	Warsaw	-0.1	0.5	0.6	0.1	-0.3	0.0	0.8
PT	Lisbon	0.1	0.7	-0.4	-0.6	0.0	0.0	-0.3
SI	Ljubljana	-0.9	-0.1	0.1	-0.9	-0.2	0.0	-1.9
SK	Bratislava	-0.1	-0.1	-0.1	-2.0	0.7	0.0	-1.8
FI	Helsinki	0.1	0.4	-0.3	-1.0	-0.7	0.0	-1.4
SE	Stockholm	0.2	1.7	-0.9	-0.8	-1.4	0.0	-1.1
UK	London	0.1	1.0	-0.2	-0.6	0.2	0.0	0.6
	Culham	-0.4	1.2	-0.4	-0.5	-0.1	0.0	-0.2

Table 3.4
Changes in rent parities in the twelve months to 1st July 2005
Decomposition of the effects
(for staff)

Places of employment		Deletion of survey 1999	Introduction of survey 2005	Price index 2005	Dwelling structure	Total change
CZ	Prague	-2.3	-1.2	-0.3	0.0	-3.8
DK	Copenhagen	0.3	-1.3	-0.2	0.0	-1.2
DE	Berlin	-2.4	-0.3	-1.0	0.0	-3.7
	Bonn	2.2	-1.3	-1.0	0.0	-0.2
	Karlsruhe	1.7	-1.7	-1.0	0.0	-1.1
	Munich	-0.7	-1.2	-1.0	0.0	-2.9
EE	Tallinn	0.8	-1.8	0.6	0.0	-0.4
EL	Athens	1.0	-1.2	0.8	0.0	0.6
ES	Madrid	2.4	0.9	0.6	0.0	4.0
FR	Paris	-0.1	-0.7	1.9	0.0	1.2
IE	Dublin	-4.1	-1.3	0.0	0.0	-5.3
IT	Rome	4.2	-0.1	-0.5	0.0	3.6
	Varese *	4.5	-9.6	-0.5	-0.2	-6.4
CY	Nicosia	3.3	-0.6	-0.4	0.0	2.2
LV	Riga	-0.7	2.6	2.7	0.0	4.6
LT	Vilnius	-0.2	-2.5	-0.2	0.0	-2.8
HU	Budapest	-5.6	1.1	1.4	0.0	-3.2
MT	Valletta	-0.4	-0.5	0.5	0.0	-0.5
NL	The Hague	0.3	1.1	-0.6	0.0	0.7
AT	Vienna	0.4	0.6	0.0	0.0	1.0
PL	Warsaw	-0.4	2.6	-0.7	0.0	1.5
PT	Lisbon	-1.5	-0.5	-0.5	0.0	-2.5
SI	Ljubljana	1.0	-2.2	-0.2	0.0	-1.5
SK	Bratislava	-1.4	-2.6	0.2	0.0	-3.8
FI	Helsinki	-0.7	-1.4	-0.8	0.0	-2.9
SE	Stockholm	-0.5	-1.0	-1.3	0.0	-2.8
UK	London	-4.1	3.7	-0.1	0.2	-0.4
	Culham	0.4	-1.1	0.0	0.0	-0.7

* Part of the change in Varese is due to an error in the 2004 comparison with Brussels

3.3.2. Differences in the correction coefficients calculated with and without the rent element

The rent and imputed rent parities, due to their associated high consumption weights (22% EU average) influence in a quite significant way the global parities and consequently the correction coefficients. The analysis of correction coefficients calculated with and without the rent element for the same place of employment makes it easier to isolate the effect of rent differences separately from differences arising from other causes.

In 2005 for 10 places out of 28, the rent correction coefficient (ratio between the rent parity and the exchange rate) is under 100. This means that the average rents used for calculating the economic parities are lower in these places than in Brussels.

For 6 places out of 28 the correction coefficient without rent is higher than the global correction coefficient. This means that, for these places, the rents lead to a reduction of global correction coefficient.

More details on the effect of rent on the 2005 correction coefficients are given in table 3.5.

Table 3.5
Effect of rent on the correction coefficients - 2005
(for staff)

Places of employment	Weight		Correction coefficient			Rent effect
	Without rent	Rent	Without rent	Rent	Overall	[5]/[3] (%)
	[1]	[2]	[3]	[4]	[5]	[6]
CZ Prague	746.4	253.5	82.1	125.5	90.6	10.4
DK Copenhagen	753.3	246.7	131.0	153.5	135.9	3.8
DE Berlin	802.0	198.0	101.2	96.5	100.2	-1.0
Bonn	802.0	198.0	99.5	83.8	96.0	-3.5
Karlsruhe	802.0	198.0	99.9	78.7	95.0	-4.9
Munich	802.0	198.0	102.0	124.9	106.4	4.3
EE Tallinn	793.0	207.0	77.7	90.9	80.3	3.3
GR Athens	778.0	222.0	89.5	106.8	93.0	3.9
ES Madrid	794.3	205.7	95.1	128.0	101.2	6.4
FR Paris	767.5	232.5	102.9	191.7	119.0	15.6
IE Dublin	735.4	264.6	112.9	157.1	122.4	8.4
IT Rome	835.5	164.5	102.9	158.3	111.8	8.6
Varese	869.1	130.9	104.9	75.5	99.0	-5.6
CY Nicosia	842.9	157.1	101.3	60.2	92.0	-9.2
LV Riga	767.6	232.4	71.2	96.6	76.1	6.9
LT Vilnius	774.0	226.0	73.8	90.6	77.1	4.4
HU Budapest	726.3	273.7	78.1	138.6	90.0	15.3
MT Vallette	819.1	180.9	97.9	62.6	89.6	-8.5
NL The Hague	835.6	164.4	100.8	156.4	109.7	8.8
AT Vienna	766.1	233.9	103.0	122.5	107.1	4.0
PL Warsaw	773.9	226.1	78.0	94.9	81.4	4.3
PT Lisbon	813.9	186.1	91.0	93.7	91.5	0.5
SI Ljubljana	763.2	236.8	76.4	112.1	83.0	8.6
SK Bratislava	781.1	218.9	87.4	116.4	92.9	6.3
FI Helsinki	759.4	240.6	112.9	135.2	117.7	4.3
SE Stockholm	749.2	250.8	106.0	136.1	112.4	6.1
UK London	691.6	308.4	110.2	297.2	143.8	30.4
Culham	764.5	235.5	107.1	149.9	115.4	7.7

4. EQUIVALENCE OF PURCHASING POWER OF EC PENSIONERS IN THE MEMBER STATES

4.1. Economic parities and correction coefficients for pensioners

The correction coefficients for pensioners with a reference date of 1 July 2005 have been calculated on the basis of the following information:

- Parities for all goods and services, except for rents, as used for the calculation of the correction coefficients for active staff. These parities are based on bilateral comparison of prices of about 3000 goods and services between different capital cities and Brussels (for more details see point 3.1 above).
- Country rent parities: For calculating country rent parities the following procedure has been applied in most of the countries. Calculate a spatial adjustment factor in the form of national/capital ratio of market rents derived from an official database like CPI, household budget survey, housing register etc. With the help of this adjustment factor transform the capital city rent parity from Article 64 estate agency rent surveys to the country rent parity. The following exceptions to this general rule were agreed with the respective NSIs:

  1. Netherlands: No such adjustment factors were available for Netherlands, for which average country rents were compared directly with the average rents in Belgium (all derived from ECP-PPP rent surveys).
  2. Germany: As information on rents for four German cities (Berlin, Bonn, Karlsruhe and Munich) is available the ratio between the average of those cities and Berlin is used.
  3. Denmark: Due to the specificities of the rental market in Copenhagen, which is completely different from the market in the rest of the country, an estimate of the Copenhagen rent parity different from the one for staff is used as basis for the spatial adjustment factor. The new estimate is obtained averaging the staff rent parity with a rent ratio for the general population obtained from the NSI.
  4. Malta and Estonia: As no reliable information on the adjustment factors were available for Malta and Estonia a ratio equal 1 was used.

  Each National Statistical Institute is required each year to check and, if possible, to update their spatial adjustment factor.
- Consumption weights for the pensioners calculated on the basis of a wide scale family budget survey carried out in 2000.

The details of the economic parities calculation, at the level of 12 main consumption groups, are shown in table 4.1 for all countries apart from Belgium and Luxembourg. This table also includes information about the consumption weights by country and by expenditure groups. Table 4.2 presents the rent ratios used in 2004 and 2005 as well as the year when a new ratio was introduced in the calculation.

The correction coefficients applicable to the EC pensioners are determined on the basis of the relationships between the economic parities and the exchange rates fixed by the Commission and specified in the Staff Regulations for the relevant countries. The correction coefficient operates as a percentage adjustment to pensions to take account of the cost of living differences between Belgium and the Member States, except Luxembourg where, according to the Staff Regulations, a correction coefficient of 100% is applied.

Table 4.1 (Continued on next page)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2005
(for pensioners)

Expenditure	BE	CZ		DK		DE		EE		EL		ES	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	96.6	19.576	87.1	9.231	66.9	0.952	96.9	11.571	90.1	0.884	90.9	0.902
2	26.4	25.1	30.964	22.7	9.613	22.4	0.974	25.2	15.310	23.5	1.054	23.7	0.860
3	75.8	76.6	26.140	69.1	7.245	76.6	0.934	76.9	12.876	71.5	0.964	72.1	0.976
4	176.3	117.0	19.617	203.9	10.724	187.1	1.026	114.0	11.842	176.0	0.878	169.0	0.919
5	119.5	127.1	23.947	114.6	8.509	130.4	0.992	127.5	10.638	118.6	0.854	119.6	1.061
6	36.1	33.7	18.567	30.4	7.906	32.0	1.650	33.8	11.526	31.5	0.780	31.7	0.799
7	164.0	190.6	25.547	171.9	12.161	163.8	1.085	191.3	12.619	177.9	0.916	179.4	1.028
8	17.2	18.7	33.611	16.9	6.204	16.4	0.835	18.8	10.798	17.5	0.867	17.6	1.080
9	118.2	147.9	27.550	133.4	8.238	149.8	0.992	148.4	14.552	138.0	1.166	139.2	0.973
10	9.4	10.6	6.471	9.6	8.290	1.2	1.020	10.7	11.464	9.9	0.570	10.0	0.871
11	74.8	70.4	29.641	63.5	10.546	68.0	0.983	70.7	10.772	65.7	0.920	66.3	0.953
12	83.3	85.5	22.443	77.1	12.102	85.5	1.012	85.8	12.042	79.8	0.792	80.5	0.823
Rents	132.4	70.2	23.863	161.7	10.826	136.5	1.061	67.0	15.798	132.3	1.044	124.9	0.996
Total without rents	867.6	929.8	23.638	838.3	9.565	863.5	1.015	933.0	11.887	867.7	0.894	875.1	0.947
Global parity	1000.0	1000.0	23.599	1000.0	9.740	1000.0	1.021	1000.0	12.219	1000.0	0.912	1000.0	0.953

Expenditure	BE	FR		IE		IT		CY		LV		LT	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	94.5	1.011	85.9	1.092	95.5	1.034	69.0	0.59994	99.8	0.48881	106.3	2.2129
2	26.4	20.4	0.966	22.4	1.706	17.4	1.028	23.1	0.93560	26.0	0.58904	19.3	3.3962
3	75.8	57.6	0.879	68.2	0.848	71.8	1.003	79.0	0.54020	79.2	0.48838	79.9	2.8882
4	176.3	194.9	1.304	214.5	1.425	212.4	1.212	161.9	0.37230	87.4	0.46299	123.0	1.9177
5	119.5	118.4	1.025	113.1	1.008	102.1	1.012	134.5	0.56815	131.4	0.45847	113.7	2.1817
6	36.1	18.9	0.839	30.0	1.103	45.5	1.222	33.0	0.55751	34.8	0.42161	50.6	2.8081
7	164.0	177.0	1.038	169.6	1.219	193.4	0.969	168.9	0.59829	197.0	0.49768	215.3	2.7710
8	17.2	19.4	1.114	16.7	0.923	14.6	0.874	16.9	0.27118	19.4	0.50240	16.3	2.8946
9	118.2	131.8	1.028	131.6	1.092	119.8	1.191	154.4	0.74372	152.9	0.62820	133.4	3.3062
10	9.4	14.9	0.806	9.4	1.485	4.7	0.727	1.2	0.38855	11.0	0.28990	5.2	1.0732
11	74.8	71.7	1.014	62.7	1.289	41.4	1.013	70.1	0.68238	72.8	0.55630	46.1	2.4735
12	83.3	80.5	1.151	76.1	1.065	81.6	1.138	88.1	0.54288	88.4	0.52360	90.8	2.8178
Rents	132.4	148.8	1.427	172.8	1.554	144.2	1.372	109.7	0.35306	39.0	0.67987	47.1	2.5370
Total without rents	867.6	851.2	1.013	827.2	1.105	855.8	1.036	890.3	0.59275	961.0	0.49554	952.9	2.5528
Global parity	1000.0	1000.0	1.063	1000.0	1.163	1000.0	1.076	1000.0	0.55716	1000.0	0.50779	1000.0	2.5422

Table 4.1 (Continued on next page)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2005
(for pensioners)

Expenditure	BE	HU		MT		NL		AT		PL		PT	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	103.7	179.74	96.4	0.34953	88.7	0.894	87.9	1.007	97.8	2.4862	90.5	0.857
2	26.4	22.4	243.10	25.1	0.54427	23.1	1.063	22.9	0.997	25.5	4.7412	23.6	0.954
3	75.8	63.3	206.50	76.5	0.36286	70.4	0.778	69.7	0.954	77.6	2.8880	71.8	0.840
4	176.3	116.1	153.00	118.3	0.27549	188.6	1.166	196.2	1.259	105.4	1.8827	172.5	0.830
5	119.5	130.0	178.62	126.9	0.41061	116.8	1.044	115.7	0.991	128.8	3.0508	119.1	0.867
6	36.1	20.7	165.11	33.7	0.38251	31.0	0.801	30.7	1.262	34.1	3.0091	31.6	0.856
7	164.0	194.3	200.94	190.3	0.44859	175.2	1.210	173.5	1.142	193.1	3.6659	178.6	1.073
8	17.2	21.3	201.29	18.7	0.55181	17.2	0.776	17.1	0.857	19.0	3.5973	17.6	0.924
9	118.2	144.7	208.25	147.7	0.46104	135.9	0.758	134.7	1.102	149.9	3.6535	138.6	0.945
10	9.4	16.4	65.24	10.6	0.50945	9.8	1.008	9.7	0.960	10.8	1.7573	10.0	0.734
11	74.8	78.8	174.87	70.3	0.39534	64.7	1.217	64.1	0.918	71.4	3.7691	66.0	0.861
12	83.3	88.4	164.67	85.4	0.44380	78.6	1.154	77.8	0.941	86.6	3.1561	80.1	0.880
Rents	132.4	65.4	179.26	71.6	0.29867	145.6	1.175	153.5	1.334	58.0	1.8377	128.6	0.864
Total without rents	867.6	934.6	181.40	928.4	0.40870	854.4	0.989	846.5	1.031	942.0	3.1865	871.4	0.907
Global parity	1000.0	1000.0	180.73	1000.0	0.39612	1000.0	1.013	1000.0	1.070	1000.0	3.0331	1000.0	0.901

Expenditure	BE	SI		SK		FI		SE		UK	
Groups	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	91.1	195.44	97.9	27.102	88.7	1.085	88.0	10.318	83.1	0.64561
2	26.4	23.7	214.51	25.5	35.552	23.1	1.385	22.9	13.153	21.6	1.01943
3	75.8	72.3	211.19	77.7	33.029	70.4	1.027	69.8	8.709	65.9	0.51318
4	176.3	167.1	163.87	105.0	22.692	188.5	1.085	195.1	11.415	240.3	1.09089
5	119.5	119.9	179.70	128.8	28.926	116.8	1.050	115.9	9.324	109.4	0.70099
6	36.1	31.8	185.57	34.2	29.320	31.0	1.294	30.7	9.027	29.0	0.68061
7	164.0	179.8	200.12	193.2	34.705	175.2	1.243	173.8	10.430	164.0	0.77852
8	17.2	17.7	142.79	19.0	53.571	17.2	0.849	17.1	6.400	16.1	0.53699
9	118.2	139.5	248.80	149.9	37.987	135.9	1.265	134.8	9.102	127.3	0.72494
10	9.4	10.0	112.73	10.8	11.084	9.8	1.237	9.7	13.836	9.1	1.44723
11	74.8	66.4	198.79	71.4	36.593	64.7	1.136	64.2	9.893	60.6	0.83733
12	83.3	80.7	200.74	86.7	38.657	78.6	0.990	77.9	8.911	73.6	0.74981
Rents	132.4	122.9	220.64	57.6	27.309	145.5	1.126	152.4	11.274	200.1	1.29940
Total without rents	867.6	877.1	190.09	942.4	32.083	854.5	1.129	847.6	9.713	799.9	0.71035
Global parity	1000.0	1000.0	193.42	1000.0	31.547	1000.0	1.128	1000.0	9.918	1000.0	0.78304

Expenditure groups:

1. Food and non-alcoholic beverages
2. Alcoholic beverages and tobacco
3. Clothing and footwear
4. Housing, water, electricity, gas and and other fuels
5. Furnishings, household equipment and maintenance of house
6. Health
7. Transport
8. Communications
9. Recreation and culture
10. Education
11. Hotels, cafes and restaurants
12. Miscellaneous goods and services

Table 4.2
Rent ratios applied for the estimation of the pensioners rent parities

Country	Ratio applied in		Diff	Last new data applied in
	2005	2004		
BE	0.90	0.89	0.01	2005
CZ	0.57	0.57	0.00	2004
DK	1.09	1.11	-0.02	2005
DE	0.99	0.90	0.09	2005
EE	1.00	1.00	0.00	-
EL	0.88	0.88	0.00	2002
ES	0.70	0.70	0.00	2002
FR	0.67	0.62	0.05	2005
IE	0.89	0.89	0.00	2005
IT	0.78	0.78	0.00	2002
CY	0.92	0.92	0.00	2004
LV	0.91	0.90	0.01	2005
LT	0.73	0.73	0.00	2004
HU	0.47	0.45	0.02	2005
MT	1.00	0.41	0.59	-
NL	0.75	0.75	0.00	2005
AT	0.98	0.98	0.00	2004
PL	0.43	0.41	0.02	2005
PT	0.83	0.83	0.00	2004
SI	0.74	0.74	0.00	2004
SK	0.55	0.55	0.00	2004
FI	0.75	0.74	0.01	2005
SE	0.79	0.79	0.00	2002
UK	0.59	0.59	0.00	2002

4.2. Purchasing power parities for pensioners – analysis of results

Tables 4.3 (decomposition of the effects) and 4.4 (effect on rents on the correction coefficients) are similar to tables 3.3 and 3.5 already presented for the staff.

Table 4.3

Changes in the economic parities in the twelve months to 1st July 2005
Decomposition of the effects
(for pensioners)

Country	Introduction of new surveys				Price index (HICP)	Total change
	Food	Personal appearance	Health	Rent		
CZ	0.3	-0.7	0.5	-0.5	-1.0	-1.2
DK	0.2	0.8	-0.5	-0.1	-0.6	-0.4
DE	0.2	0.1	0.0	0.6	-0.8	0.1
EE	-0.4	0.1	1.3	-0.2	1.8	2.6
EL	-0.7	-0.5	-0.8	-0.1	0.7	-1.4
ES	-0.4	0.4	-1.1	0.3	0.6	-0.2
FR	-0.4	-0.3	-0.4	1.1	-0.6	-0.6
IE	0.2	3.0	-1.0	-1.0	-0.6	0.6
IT	0.0	1.1	-0.1	0.3	0.2	1.5
CY	-0.4	0.9	2.1	0.1	-0.8	1.9
LV	-0.2	0.5	0.6	0.4	2.5	3.8
LT	-0.1	-0.6	-1.5	-0.3	0.4	-2.1
HU	0.1	-0.2	0.0	0.0	0.9	0.9
MT	-0.8	0.3	1.3	9.3	0.8	11.0
NL	0.2	0.0	-1.7	0.1	-0.8	-2.2
AT	-0.5	0.6	-0.5	0.0	-0.5	-0.9
PL	0.1	0.2	2.8	0.4	-0.8	2.7
PT	0.1	0.8	-0.8	-0.5	-1.1	-1.4
SI	-0.2	-0.3	0.4	-0.3	-0.4	-0.8
SK	0.0	0.0	-0.6	-0.8	0.6	-0.7
FI	0.0	0.5	-0.6	-0.4	-1.0	-1.4
SE	0.2	1.9	-2.0	-0.5	-1.6	-2.1
UK	0.3	1.6	-0.5	-0.2	-0.6	0.6

Table 4.4
Effect of rent on the correction coefficients - 2005
(for pensioners)

Country	Weight		Correction coefficient			Rent effect
	Without rent	Rent	Without rent	Rent	Overall	[5]/[3] (%)
	[1]	[2]	[3]	[4]	[5]	[6]
CZ	929.8	70.2	78.7	79.5	78.6	-0.2
DK	838.3	161.7	128.4	145.3	130.8	1.8
DE	863.5	136.5	101.5	106.1	102.1	0.6
EE	933.0	67.0	76.0	101.0	78.1	2.8
EL	867.7	132.3	89.4	104.4	91.2	2.0
ES	875.1	124.9	94.7	99.6	95.3	0.6
FR	851.2	148.8	101.3	142.7	106.3	4.9
IE	827.2	172.8	110.5	155.4	116.3	5.2
IT	855.8	144.2	103.6	137.2	107.6	3.9
CY	890.3	109.7	103.4	61.6	97.2	-6.0
LV	961.0	39.0	71.2	97.6	72.9	2.5
LT	952.9	47.1	73.9	73.5	73.6	-0.4
HU	934.6	65.4	73.2	72.4	73.0	-0.4
MT	928.4	71.6	95.2	69.6	92.3	-3.1
NL	854.4	145.6	98.9	117.5	101.3	2.4
AT	846.5	153.5	103.1	133.4	107.0	3.8
PL	942.0	58.0	78.6	45.4	74.9	-4.8
PT	871.4	128.6	90.7	86.4	90.1	-0.7
SI	877.1	122.9	79.4	92.1	80.8	1.8
SK	942.4	57.6	83.5	71.1	82.1	-1.7
FI	854.5	145.5	112.9	112.6	112.8	-0.1
SE	847.6	152.4	103.0	119.5	105.1	2.1
UK	799.9	200.1	106.5	194.8	117.4	10.2

In 2005 for 11 countries out of 23, the rent correction coefficient (ratio between the rent parity and the exchange rate) is under 100. This means that the average rents are lower in these places than in Belgium.

For 9 places out of 23 the correction coefficient without rent is higher than the global correction coefficient. This means that, for these places, the rents lead to a reduction of global correction coefficient.

4.3. Comparison of correction coefficients for staff and pensioners

Table 4.5 compares the pensioners' correction coefficients with those for active staff. Among all Member States, Denmark has the highest country-based CC (in case of capital-based CC it is London). The biggest differences between capital CCs and country CCs can be observed in the UK and Hungary. In Austria the two CCs are nearly at the same level. In all countries except in DE, CY and MT the country CCs is lower than capital CCs. Without rents, the two sets of CCs are closer.

It should be mentioned that the Staff Regulations guarantee a minimum CC of 100 for pensioners, whatever is the result of Eurostat's calculations.

Table 4.5

Pensioners correction coefficients

Correction coefficients for pensioners				Corection coefficients for staff			
Country	without rents	rents	Total	Capitals	without rents	rents	Total
BE	100.0	100.0	100.0	Brussels	100.0	100.0	100.0
CZ	78.7	79.5	78.6	Prague	82.1	125.5	90.6
DK	128.4	145.3	130.8	Copenhagen	131.0	153.5	135.9
DE	101.5	106.1	102.1	Berlin	101.2	96.5	100.2
EE	76.0	101.0	78.1	Tallinn	77.7	90.9	80.3
EL	89.4	104.4	91.2	Athens	89.5	106.8	93.0
ES	94.7	99.6	95.3	Madrid	95.1	128.0	101.2
FR	101.3	142.7	106.3	Paris	102.9	191.7	119.0
IE	110.5	155.4	116.3	Dublin	112.9	157.1	122.4
IT	103.6	137.2	107.6	Rome	102.9	158.3	111.8
CY	103.4	61.6	97.2	Nicosia	101.3	60.2	92.0
LV	71.2	97.6	72.9	Riga	71.2	96.6	76.1
LT	73.9	73.5	73.6	Vilnius	73.8	90.6	77.1
HU	73.2	72.4	73.0	Budapest	78.1	138.6	90.0
MT	95.2	69.6	92.3	Valletta	97.9	62.6	89.6
NL	98.9	117.5	101.3	The Hague	100.8	156.4	109.7
AT	103.1	133.4	107.0	Vienna	103.0	122.5	107.1
PL	78.6	45.4	74.9	Warsaw	78.0	94.9	81.4
PT	90.7	86.4	90.1	Lisbon	91.0	93.7	91.5
SI	79.4	92.1	80.8	Ljubljana	76.4	112.1	83.0
SK	83.5	71.1	82.1	Bratislava	87.4	116.4	92.9
FI	112.9	112.6	112.8	Helsinki	112.9	135.2	117.7
SE	103.0	119.5	105.1	Stockholm	106.0	136.1	112.4
UK	106.5	194.8	117.4	London	110.2	297.2	143.8

5. INFORMATION ABOUT WORKING TIME

Eurostat collects statistical information on differences in the working hours in all Member States. Information about statutory or contractual weekly working hours in central governments (Table 5.1), number of days of annual leave (Table 5.2) and number of public holidays per year (Table 5.3) are shown below. In all these tables the situation in July 2005 has been compared with that in July 2004.

Table 5.1
Statutory or contractual weekly working hours in central governments

Country	July 2004	July 2005	Remarks
	Weekly working hours	Weekly working hours	
BE	38	38	
DE	38:30'	40	
ES	37:30' - 40	37:30' - 40	
FR	35	35	
IT	36	36	
LU	40	40	
NL	36	36	
UK (London)	36	36	
UK (Country)	37	37	

Table 5.2
Number of days annual leave

Country	Number of days		Remarks
	July 2004	July 2005	
BE	26 - 33	26 - 33	Depends on age
DE	26 - 30	26 - 30	Depends on age and grade
ES	28 - 32	28 - 32	Depends on length of service. It includes the six days for personal convenience
FR	25	25	
IT	32	32	Under 3 years of service: 30 days
LU	28-32	28-32	Depends on age
NL	23 - 27	23 - 27	Depends on age
UK	22 - 30	22 - 30	Differences between Ministries

Table 5.3

Number of public holidays per year (statutory, contractual, etc)

Country	Number of days		Remarks
	July 2004	July 2005	
BE	13	13	Time off when the public holiday falls on Saturday or Sunday
DE	11	6	
ES	14	14	Time off when the public holiday falls on Sunday
FR	10 - 11	10 - 11	Time off when the public holiday falls on Saturday or Sunday
IT	11	11	
LU	14	14	Time off when the public holiday falls on Saturday or Sunday
NL	7 -8	7 - 8	
UK	10,5	10,5	Time off when the public holiday falls on Saturday or Sunday