

ANNEX

**Appendix 1 to the
Eurostat Report on the Annual Adjustment of Remuneration and
Pensions**

Explanations and statistical analyses

**Reference period:
Year to 1 July 2012**

Introduction

This document is an appendix to the 2012 Eurostat report on the annual adjustment of remuneration and pensions. While the principal results concerning specific indicators and correction coefficients for staff and pensioners are presented in the main report, the purpose of this appendix 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 document 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 correction coefficients for staff;
- the economic parities and correction coefficients for pensioners.

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

All figures and calculations contained in this report are based on data supplied and validated by the responsible authorities in the Member States. For any information concerning this appendix, 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 complemented with practical procedures². 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 individual bonuses for exceptional performance.

1.1.2. Net remuneration

In order to get the 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.).

Not to be included:

- voluntary contributions.

² The latest version of the relevant methodology manuals are available as documents A65/08/08, A64/11/27, and A64/11/28.

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 month 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 2011 sent in 2011 and re-sent in 2012), 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).

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:

- regional/state and local governments
- 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 be excluded from 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 Annex XI specifies that to establish a global specific indicator for the European Union, Eurostat shall use a sample composed of the following 8 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:

- For each grade, Eurostat will calculate average gross and net remunerations for the available steps (eg. minimum, maximum, median) and the family types.
- 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 the weighted average of the remunerations of these two groups, where the total actual number of civil servants in each of the groups is taken as weights.
- For each of the function groups 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 into account the increase in the 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 2012 (1.7.2011 = 100)**

Country		Nominal change			Real change		
		AD	AST	Total	AD	AST	Total
BE	Gross	102.0	102.0	102.0	99.8	99.8	99.8
	Net	102.4	102.5	102.5	100.2	100.3	100.3
DE	Gross	105.4	105.0	105.2	103.3	102.9	103.1
	Net	104.4	104.2	104.3	102.4	102.2	102.3
ES	Gross	98.4	98.1	98.3	96.7	96.4	96.6
	Net	96.2	97.8	97.0	94.5	96.1	95.3
FR	Gross	101.8	102.3	102.2	99.5	100.0	99.9
	Net	101.4	101.9	101.8	99.1	99.6	99.5
IT	Gross	100.0	100.0	100.0	96.5	96.5	96.5
	Net	100.0	100.0	100.0	96.5	96.5	96.5
LU	Gross	102.4	102.3	102.4	99.8	99.7	99.8
	Net	102.5	102.4	102.5	99.9	99.8	99.9
NL	Gross	100.0	100.0	100.0	97.6	97.6	97.6
	Net	97.7	98.5	98.1	95.3	96.1	95.7
UK	Gross	100.3	101.0	100.9	97.9	98.6	98.5
	Net	100.3	101.0	100.9	97.9	98.6	98.5
Total	Gross	101.7	101.7	101.8	99.3	99.4	99.4
	Net	101.0	101.4	101.2	98.6	99.0	98.9

1.3. Remuneration and taxes

Table 1.2 provides comparative information on gross and net remuneration as well as on the HICP inflation rate over 12 months.

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 2012

Country	Gross remuneration	Net remuneration	12 Months HICP
BE	102.0	102.5	102.2
DE	105.2	104.3	102.0
ES	98.3	97.0	101.8
FR	102.2	101.8	102.3
IT	100.0	100.0	103.6
LU	102.4	102.5	102.6
NL	100.0	98.1	102.5
UK	100.9	100.9	102.4
Total	101.8	101.2	102.4

1.4. Cumulative specific indicators

Table 1.3 illustrates the changes in the remuneration of central government civil servants since 2003. 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 2003-2012 the real net specific indicator for the European Union has decreased by 4.7%.

Table 1.3**Changes in the purchasing power of salaries of civil servants in the central government in the Member States (2003=100)**

Country	Nominal gross specific indicator	Nominal net specific indicator	Consumer price indices*	Real gross specific indicator	Real net specific indicator
BE	125.5	127.4	124.0	101.9	102.7
DE	112.6	108.9	117.3	95.9	92.8
ES	119.5	116.2	126.1	94.3	92.1
FR	118.8	117.9	118.7	100.0	99.2
IT	119.6	115.5	123.7	96.0	93.4
LU	130.8	121.4	127.8	102.8	95.0
NL	110.7	114.7	116.5	95.6	98.4
UK	122.4	122.6	128.3	85.5	95.5
Total	118.2	116.2		94.8	95.3

* 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 (until 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, and 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 presents the changes in these two indicators for the period 2003-2012.

Table 1.4
Comparison of the gross specific indicator and the control indicator in real terms
Medium-term trend (2003 = 100)

Country	Real gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	101.9	111.2	9.1
DE	95.9	99.0	3.3
ES	94.3	110.8	17.5
FR	100.0	104.2	4.3
IT	96.0	97.7	1.7
LU	102.8	117.6	14.3
NL	95.6	106.7	11.5
UK	85.5	106.2	24.2
Total	94.8	103.6	9.3

*Eurostat estimates.

2. CHANGES IN THE COST OF LIVING IN BRUSSELS

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 80 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 surveys of household expenditure (SHE) 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 2004 (ie. 2003 = 100).

Table 2.1
Brussels Cost-of-living index

	Measure for increase in cost-of-living in Brussels*	
	Previous year = 100	2003 = 100
2004	101.9	101.9
2005	102.2	104.1
2006	102.1	106.3
2007	101.4	107.8
2008	104.4	112.6
2009	100.9	113.6
2010	102.4	116.3
2011	103.6	120.5
2012	102.8	123.9

* 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 cost of living of European 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 surveys.

For the 2012 annual review, new parities obtained from price surveys have been integrated for the following groups:

- Services (survey 2011-1)
- Furniture & Health (survey 2011-2)

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.

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 (the Fisher index) is 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. The average rents used to compute the rent parities are in fact weighted moving averages, based on a six-year model, to take into account the average occupancy length, which is estimated to be six years. 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
1.07.2012
(for staff)

Expenditure Groups	BE	BG-Sofia		CZ-Prague		DK-Copenhagen		DE-Berlin		DE-Bonn		DE-Karlsruhe	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	128.2	149.1	1.258	128.3	19.05	122.5	9.094	104.6	0.955	104.6	0.975	104.6	0.965
2	20.3	27.4	1.522	26.9	24.52	25.7	10.55	23.2	0.956	23.2	0.930	23.2	0.936
3	54.3	56.4	1.298	45.0	21.07	43.0	8.026	49.1	0.880	49.1	0.856	49.1	0.878
4	297.6	252.1	0.971	309.4	25.65	340.7	11.60	248.8	0.945	248.8	0.863	248.8	0.862
5	74.7	77.7	1.071	69.9	18.54	66.7	7.940	89.6	0.919	89.6	0.937	89.6	0.920
6	19.2	12.6	1.163	13.8	16.86	13.2	9.29	15.4	0.966	15.4	0.730	15.4	0.932
7	127.2	121.7	1.531	128.5	22.13	122.7	10.429	180.9	1.098	180.9	1.104	180.9	1.106
8	21.5	22.2	1.113	16.7	23.45	16.0	5.736	21.0	0.659	21.0	0.667	21.0	0.652
9	91.7	102.9	1.278	106.5	20.59	101.7	9.155	134.8	1.014	134.8	1.033	134.8	0.989
10	14.7	12.7	0.334	15.3	10.40	14.6	10.82	13.7	1.321	13.7	1.321	13.7	1.321
11	100.6	104.5	0.880	87.9	13.19	83.9	10.83	77.9	0.863	77.9	0.933	77.9	0.915
12	50.0	60.9	1.529	51.5	20.60	49.2	10.62	41.0	0.899	41.0	0.890	41.0	0.918
Rents	237.1	203.0	0.978	265.4	27.77	298.7	11.94	198.0	0.961	198.0	0.844	198.0	0.826
Total without rents	762.9	797.1	1.192	734.6	18.91	701.4	9.453	802.0	0.958	802.0	0.969	802.0	0.972
Global parity			1.143		20.80		10.06		0.958		0.941		0.938

Expenditure Groups	BE	DE-Munich		EE-Tallinn		EL-Athens		ES-Madrid		FR-Paris		IE-Dublin	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	128.2	104.6	0.925	135.3	0.792	142.1	0.917	120.8	0.801	98.6	0.965	85.1	1.014
2	20.3	23.2	0.941	28.4	1.051	28.7	1.078	22.8	0.858	20.7	1.041	19.7	1.541
3	54.3	49.1	0.892	47.5	0.900	48.8	0.916	40.6	0.873	50.8	1.006	55.5	0.758
4	297.6	248.8	1.236	271.9	0.730	189.7	0.853	244.0	1.156	285.0	1.555	223.8	1.256
5	74.7	89.6	0.965	73.7	0.738	109.2	0.880	91.5	0.908	89.2	1.098	95.6	0.908
6	19.2	15.4	0.893	14.6	0.688	19.7	0.797	17.0	0.701	14.1	0.944	21.3	1.104
7	127.2	180.9	1.154	135.5	0.929	142.2	1.047	135.6	1.072	153.1	1.092	165.5	1.175
8	21.5	21.0	0.752	17.6	0.601	23.1	1.047	20.3	1.227	20.4	0.899	14.6	0.838
9	91.7	134.8	1.054	112.3	0.853	96.8	0.961	96.4	1.002	118.7	1.072	135.1	1.020
10	14.7	13.7	1.321	16.2	0.306	19.8	0.621	38.4	0.781	14.6	0.986	48.4	1.353
11	100.6	77.9	1.016	92.7	0.719	118.7	0.841	119.2	0.825	71.7	1.062	63.8	1.058
12	50.0	41.0	0.966	54.3	0.769	61.3	0.850	53.4	0.899	63.1	1.076	71.6	1.321
Rents	237.1	198.0	1.316	225.5	0.768	138.9	0.963	200.9	1.299	232.5	1.797	185.3	1.345
Total without rents	762.9	802.0	1.003	774.6	0.778	861.1	0.895	799.1	0.895	767.5	1.031	814.7	1.051
Global parity			1.064		0.776		0.905		0.971		1.177		1.106

Table 3.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2012
(for staff)

Expenditure Groups	BE	IT-Rome		IT-Varese		CY-Nicosia		LV-Riga		LT-Vilnius		HU-Budapest	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	128.2	123.4	0.968	136.7	1.026	151.6	0.917	131.4	0.557	132.5	2.378	137.2	217.7
2	20.3	20.0	1.106	20.9	0.982	27.8	1.073	27.6	0.761	27.8	3.197	25.2	241.0
3	54.3	48.9	0.962	47.3	0.971	57.3	0.849	46.1	0.590	46.5	2.830	51.9	225.0
4	297.6	242.0	1.209	219.8	0.790	239.4	0.636	292.6	0.545	286.7	2.627	311.6	283.8
5	74.7	96.0	0.943	92.6	1.026	79.1	0.892	71.6	0.461	72.2	2.333	71.6	183.0
6	19.2	20.2	1.045	23.9	1.067	12.8	1.028	14.2	0.530	14.3	2.516	11.6	182.0
7	127.2	145.5	0.976	153.4	1.008	123.7	1.086	131.7	0.610	132.8	2.880	112.0	249.1
8	21.5	16.6	0.925	16.2	0.927	22.6	0.397	17.1	0.475	17.3	1.834	20.5	248.7
9	91.7	115.5	1.027	115.5	1.045	104.6	1.052	109.1	0.550	110.1	2.653	94.7	220.8
10	14.7	21.9	0.997	19.8	0.997	12.9	0.833	15.7	0.229	15.8	0.885	11.6	87.87
11	100.6	89.3	0.944	93.4	0.862	106.3	0.924	90.1	0.508	90.8	1.913	96.2	150.0
12	50.0	60.7	0.983	60.5	0.969	61.9	0.832	52.8	0.531	53.2	2.326	56.0	191.8
Rents	237.1	181.8	1.428	155.0	0.816	189.4	0.601	247.4	0.596	241.2	2.811	266.4	322.6
Total w ithout rents	762.9	818.2	0.957	845.0	0.966	810.5	0.919	752.5	0.525	758.8	2.372	733.7	200.1
Global parity			1.042		0.934		0.841		0.541		2.467		225.3

Expenditure Groups	BE	MT-Valletta		NL-The Hague		AT-Vienna		PL-Warsaw		PT-Lisbon		RO-Bucharest	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	128.2	148.4	0.831	101.5	0.832	135.7	0.997	131.7	2.641	117.0	0.795	137.4	2.701
2	20.3	27.2	0.986	18.1	1.020	24.9	0.934	27.6	4.072	16.0	0.879	25.2	2.865
3	54.3	56.1	0.751	45.7	0.866	51.3	0.894	46.2	2.927	44.9	0.769	52.0	3.242
4	297.6	255.3	0.774	254.2	1.229	319.4	1.201	291.3	4.105	268.1	0.771	310.7	3.994
5	74.7	77.4	0.840	95.6	0.937	70.8	0.967	71.7	2.707	83.6	0.852	71.7	2.554
6	19.2	12.5	0.922	8.6	1.108	11.4	0.996	14.2	2.313	11.6	0.815	11.6	2.849
7	127.2	121.1	1.081	165.7	1.149	110.7	1.136	131.9	3.356	151.1	1.090	112.1	3.424
8	21.5	22.1	0.678	19.7	1.006	20.2	0.789	17.2	2.548	18.1	0.916	20.5	2.194
9	91.7	102.5	0.825	120.3	1.032	93.6	1.066	109.3	3.167	101.2	0.904	94.8	2.951
10	14.7	12.6	0.622	28.2	0.919	11.5	0.874	15.7	1.240	28.1	0.981	11.7	0.929
11	100.6	104.1	0.801	86.6	1.032	95.1	0.983	90.2	2.618	105.2	0.723	96.3	1.890
12	50.0	60.6	0.819	55.8	1.008	55.4	1.039	52.9	2.885	55.1	0.767	56.1	3.513
Rents	237.1	206.3	0.753	193.5	1.297	274.6	1.279	246.1	4.609	233.1	0.765	265.4	4.753
Total w ithout rents	762.9	793.7	0.857	806.5	0.994	725.4	0.999	753.9	2.827	766.9	0.858	734.6	2.665
Global parity			0.833		1.053		1.064		3.180		0.835		3.064

Table 3.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2012
(for staff)

Expenditure Groups	BE	SI-Ljubljana		SK-Bratislava		FI-Helsinki		SE-Stockholm		UK-London		UK-Culham	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	128.2	139.9	0.862	141.7	0.792	124.8	1.083	127.4	9.852	80.1	0.771	98.5	0.769
2	20.3	25.7	0.968	26.0	1.019	26.2	1.671	26.8	14.09	19.9	1.283	19.5	1.285
3	54.3	52.9	0.820	53.6	0.835	43.8	1.049	44.7	9.864	42.3	0.625	47.3	0.623
4	297.6	298.0	0.901	289.1	0.873	328.4	1.439	314.2	14.22	332.4	2.183	287.7	0.982
5	74.7	73.0	0.803	73.9	0.695	68.0	1.043	69.4	10.182	80.2	0.934	86.3	0.915
6	19.2	11.8	0.727	11.9	0.650	13.4	0.962	13.7	9.377	9.6	0.672	6.0	0.672
7	127.2	114.2	0.945	115.7	0.786	125.0	1.221	127.6	11.29	154.6	0.979	153.1	0.950
8	21.5	20.9	0.723	21.1	0.997	16.3	0.698	16.6	6.438	17.6	0.789	19.0	0.789
9	91.7	96.6	0.954	97.8	0.844	103.6	1.146	105.8	10.49	114.8	0.878	130.4	0.879
10	14.7	11.9	0.646	12.0	0.334	14.9	1.123	15.2	10.23	20.9	1.119	22.0	1.119
11	100.6	98.1	0.629	99.4	0.658	85.5	1.166	87.3	12.04	65.1	0.858	60.0	0.860
12	50.0	57.1	0.892	57.8	0.827	50.1	1.265	51.2	11.42	62.5	0.991	70.2	0.934
Rents	237.1	251.8	0.923	242.3	0.930	285.5	1.529	270.5	15.09	308.4	2.601	235.5	1.069
Total without rents	762.9	748.2	0.832	757.8	0.760	714.5	1.129	729.6	10.64	691.6	0.869	764.5	0.853
Global parity			0.853		0.797		1.221		11.61		1.181		0.899

Expenditure Groups	BE	HR-Zagreb	
	Weight	Weight	Parity
1	128.2	161.0	6.113
2	20.3	29.6	7.661
3	54.3	60.9	5.813
4	297.6	192.3	6.137
5	74.7	84.0	5.117
6	19.2	13.6	4.753
7	127.2	131.4	6.999
8	21.5	24.0	4.708
9	91.7	111.1	5.876
10	14.7	13.7	4.766
11	100.6	112.9	4.976
12	50.0	65.7	5.594
Rents	237.1	1000.0	5.911
Total without rents	762.9	139.2	6.967
Global parity		860.8	5.699

Consumption 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
6. Health
7. Transport
8. Communications
9. Recreation and culture
10. Education
11. Hotels, cafes and restaurants
12. Miscellaneous goods and services

Table 3.2 (Continued on next page)
Changes in the average rents of accommodation in the twelve months to 1st July 2012
 (Values expressed in Euro, except local currencies: CZ, DK, LV, LT, HU, PL, SE, UK)

Country			3 bedroom flat			2 bedroom flat		1 bedroom flat	
			(140-160m ²)	(110-130m ²)	(80-100m ²)	(80-100m ²)	(60-80m ²)	(60-80m ²)	(40-60m ²)
Place of employment									
BE	Brussels	2011	1619	1283	991	1014	819	764	611
		2012	1641	1273	1013	1005	838	783	626
BG	Sofia	2011		776		397		291	
		2012		638		359		273	
CZ	Prague	2011		31750		24450		18300	
		2012		32611		23278		17667	
DK	Copenhagen	2011		13943			9371		6679
		2012		15292			10583		7833
DE	Berlin	2011		1249		960		700	
		2012		1302		1013		776	
	Bonn	2011		1134		848		675	
		2012		1185		872		695	
	Karlsruhe	2011		1019		780		607	
		2012		1030		777		613	
	Munich	2011		1680		1269		973	
		2012		1848		1395		1092	
EE	Tallin	2011			780		575		412
		2012			873		665		505
EL	Athens	2011	1432			939		714	
		2012	1234			808		639	
ES	Madrid	2011		1550			1058		820
		2012		1417			1005		769
FR	Paris	2011		2420		1820			1091
		2012		2405		1853			1071
IE	Dublin	2011		1463			1181		938
		2012		1527			1193		932
IT	Rome	2011		1770		1388		1063	
		2012		1703		1288		1005	
	Varese	2011		915		748		590	
		2012		902		716		557	
CY	Nicosia	2011		768		631		504	
		2012		698		591		488	

Rent value for dwelling type for year in question is average of reported values.

Table 3.2 (Continued from previous page)
Changes in the average rents of accommodation in the twelve months to 1st July 2012
 (Values expressed in Euro, except local currencies: CZ, DK, LV, LT, HU, PL, SE, UK)

Country			3 bedroom flat			2 bedroom flat		1 bedroom flat	
			(140-160m ²)	(110-130m ²)	(80-100m ²)	(80-100m ²)	(60-80m ²)	(60-80m ²)	(40-60m ²)
Place of employment									
BE	Brussels	2011	1619	1283	991	1014	819	764	611
		2012	1641	1273	1013	1005	838	783	626
LV	Riga	2011		718		535		361	
		2012		856		650		454	
LT	Vilnius	2011			2830		2196		1516
		2012			2553		2033		1528
HU	Budapest	2011		429138			261906		160156
		2012		378170			226005		137679
MT	Valletta	2011		878		644			452
		2012		833		618			437
NL	The Hague	2011		1449		1172		898	
		2012		1712		1360		1028	
AT	Vienna	2011		1500		1071		854	
		2012		1548		1152		889	
PL	Warsaw	2011		5333		4272			2703
		2012		5872		4186			2535
PT	Lisbon	2011	971			725		557	
		2012	913			678		540	
RO	Bucharest	2011		1133		768			478
		2012		1216		833			483
SI	Ljubljana	2011		1113		775			539
		2012		1035		784			537
SK	Bratislava	2011		1051		808		632	
		2012		1066		869		663	
FI	Helsinki	2011			2114		1322		1003
		2012			1939		1384		1064
SE	Stockholm	2011		21193		16168		11315	
		2012		22264		16808		12232	
UK	London	2011			3078		2297		1646
		2012			2806		2137		1627
	Culham	2011			1136		918		731
		2012			1152		939		768

Rent value for dwelling type for year in question is average of reported values.

Table 3.2 (Continued on next page)
Changes in the average rents of accommodation in the twelve months to 1st July 2012
 (Values expressed in Euro, except local currencies: CZ, DK, LV, LT, HU, PL, SE, UK)

Country Place of employment			Non-detached houses			Detached houses			Rent Parity
			(140-160m ²)	(110-130m ²)	(80-100m ²)	(190-220m ²)	(150-180m ²)	(110-140m ²)	
BE	Brussels	2011	1665	1337	1100	2342	1845	1469	
		2012	1733	1385	1114	2340	1902	1513	
BG	Sofia	2011				867			0.587
		2012				841			0.500
CZ	Prague	2011		37889			52750		28.87
		2012		34750			48500		27.77
DK	Copenhagen	2011		15917			22583		11.87
		2012		17317			24167		11.94
DE	Berlin	2011		1353			1921		0.954
		2012		1420			2021		0.961
	Bonn	2011		1179			1602		0.849
		2012		1201			1616		0.844
	Karlsruhe	2011		1181			1731		0.825
		2012		1239			1785		0.826
	Munich	2011		1827			2873		1.281
		2012		1978			2948		1.316
EE	Tallin	2011		822			1246		0.782
		2012		984			1583		0.768
EL	Athens	2011							1.046
		2012							0.963
ES	Madrid	2011							1.364
		2012							1.299
FR	Paris	2011							1.798
		2012							1.797
IE	Dublin	2011			1580			1935	1.350
		2012			1588			2058	1.345
IT	Rome	2011		1750		2279			1.512
		2012		1614		2136			1.428
	Varese	2011		1289		1907			0.837
		2012		1156		1788			0.816
CY	Nicosia	2011	891			1328			0.628
		2012	864			1343			0.601

Rent value for dwelling type for year in question is average of reported values.

Rent parity uses a six year model of these averages, updated by indices, applying taper weights. Dwelling type weights in Brussels and in duty stations are identified by periodic housing surveys.

Table 3.2 (Continued from previous page)
Changes in the average rents of accommodation in the twelve months to 1st July
 (Values expressed in Euro, except local currencies: CZ, DK, LV, LT, HU, PL, SE, UK)

Country Place of employment			Non-detached houses			Detached houses			Rent Parity
			(140-160m ²)	(110-130m ²)	(80-100m ²)	(190-220m ²)	(150-180m ²)	(110-140m ²)	
BE	Brussels	2011	1665	1337	1100	2342	1845	1469	
		2012	1733	1385	1114	2340	1902	1513	
LV	Riga	2011	828			1183			0.615
		2012	1052			1739			0.596
LT	Vilnius	2011		3270			4450		3.055
		2012		3042			4403		2.811
HU	Budapest	2011	492975			809125			339.0
		2012	436596			803452			322.6
MT	Valletta	2011		1211		1799			0.770
		2012		1075		1591			0.753
NL	The Hague	2011		1903					1.340
		2012		2119					1.297
AT	Vienna	2011		1608			2855		1.295
		2012		1704			2541		1.279
PL	Warsaw	2011		6121		8227			4.758
		2012		5708		8306			4.609
PT	Lisbon	2011	1286				1868		0.807
		2012	1200				1600		0.765
RO	Bucharest	2011					1487		1.169
		2012					1507		1.068
SI	Ljubljana	2011		1143			1625		0.993
		2012		1100			1503		0.923
SK	Bratislava	2011		1163			1795		0.946
		2012		1317			1931		0.930
FI	Helsinki	2011		2108			2982		1.513
		2012		2028			3364		1.529
SE	Stockholm	2011		21616			27583		14.99
		2012		21800			27700		15.09
UK	London	2011			3666				2.527
		2012			3209				2.601
	Culham	2011			1115			1494	1.067
		2012			1177			1600	1.069

Rent value for dwelling type for year in question is average of reported values.

Rent parity uses a six year model of these averages, updated by indices, applying taper weights. Dwelling type weights in Brussels and in duty stations are identified by periodic housing surveys.

3.3. Purchasing power parities - analysis of results

3.3.1. Major changes in the economic parities from 2011 to 2012

The calculation of correction coefficients used for salary adjustment in places other than Brussels and Luxembourg involves the revision of some elementary parities each year. For the 2012 salary adjustment two new price surveys have been incorporated: Services (conducted in Spring 2011), and Furniture & Health (conducted in Autumn 2011). The weighting structure used to aggregate the parities has not been updated. The weighting structure used to aggregate the rent parities have been updated in Brussels and in twenty eight duty stations. The rent parities have been calculated for 2012 according to the moving average model approved by the Article 64 Working Party.

The introduction of new prices from the latest consumer price surveys this year affects 32 (out of 80) elementary parities, which together account for about 37% (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 2012 are based on the relative trend in the real-estate markets in Brussels and other places of employment between 2007 and 2012. These parities are, therefore, affected by the following factors:

- introduction of rent data for year 2012,
- deletion of the rent data for 2006,
- price indices used for updating the rents for 2007 - 2011 to price of 2012.

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

Details of the changes in the rent parities from 2011 to 2012, including a decomposition of all the effects, are given in table 3.4. The largest increases in the rent parity could be observed in London (+2.9%), Munich (+2.7%) and Helsinki (+1.1%). The largest decreases in the rent parity were recorded in Sofia (-14.8%), Bucharest (-8.6%), Vilnius (-8.0%), and Athens (-7.9%).

Changes in the global parities from one year to the next come mainly from survey 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 (1.7.2012) and by changes in the consumption structures (updated every five to seven years by the introduction of new SHE results)³. Details of the changes in the economic parities from 2011 to 2012, including a decomposition of all the effects, are given in table 3.3.

The biggest increases in global economic parities during the period under review can be observed in Munich (+3.1%) and Tallinn (+2.9%), London, The Hague and Riga (+2.5%), Berlin (+2.2%), and Karlsruhe and Culham (+1.8%). The biggest decreases in the parities can be observed in Sofia (-3.6%), Athens (-1.9%) and Vilnius (-1.7%).

As regards price indexation, the impact of official indices for the year to July 2012 on the PPP at the level of total consumption were lower than Brussels in 22 places (23 if Croatia is included) and higher than Brussels in the remaining 8 places. Here it should be recalled that there are important differences between HICP and PPP methodologies (e.g. use of different weights for aggregation purposes). For this reason, the "price updating effect" presented in the table cannot be directly compared with the relative movement of the all-items HICP published separately on the Eurostat website – although other things being equal that movement should also give an indication of the likely magnitude and direction of change.

³ The periodicity of SHE ("Survey of Household Expenditures"), formerly known as FBS ("Family Budget Survey"), is set by Article 64 Working Group decision.

Table 3.3
Changes in the economic parities in the twelve months to 1st July 2012
Decomposition of the effects
(for staff)

Country	Place of employment	Impact of change in PPP			Total change %	
		Introduction of new surveys		Price updating effect (HICP)		New rents
		E11-1 Services	E11-2 Furniture & Health			
BG	Sofia	0.2	-0.3	-0.5	-3.0	-3.6
CZ	Prague	0.4	-0.1	0.7	-0.7	0.3
DK	Copenhagen	0.3	-0.1	-0.1	0.4	0.5
DE	Berlin	1.7	0.1	0.0	0.4	2.2
	Bonn	1.3	-0.2	0.0	0.1	1.2
	Karlsruhe	1.6	0.0	0.0	0.3	1.8
	Munich	2.3	0.0	0.0	0.8	3.1
EE	Tallinn	1.5	0.3	1.2	-0.2	2.9
EL	Athens	0.2	0.1	-0.8	-1.3	-1.9
ES	Madrid	1.2	-0.1	-0.5	-0.9	-0.3
FR	Paris	0.4	0.4	0.0	0.2	1.1
IE	Dublin	1.2	0.9	-1.3	0.1	0.9
IT	Rome	0.4	-0.4	0.5	-1.0	-0.6
	Varese	1.5	-0.1	0.5	-0.3	1.7
CY	Nicosia	1.5	0.7	-0.2	-0.7	1.4
LV	Riga	2.7	0.7	-0.4	-0.5	2.5
LT	Vilnius	-0.3	0.1	0.1	-1.7	-1.7
HU	Budapest	1.0	-0.1	1.1	-1.0	1.1
MT	Vallette	0.3	-0.8	1.5	-0.2	0.7
NL	The Hague	2.5	0.7	-0.4	-0.2	2.5
AT	Vienna	1.6	-0.1	0.1	-0.3	1.3
PL	Warsaw	-0.5	-0.3	0.1	-0.5	-1.3
PT	Lisbon	0.9	0.0	-0.4	-1.0	-0.6
RO	Bucharest	0.2	0.3	0.2	-0.6	0.1
SI	Ljubljana	1.2	-0.2	-0.5	-1.5	-1.0
SK	Bratislava	0.9	-0.1	0.4	-0.1	1.1
FI	Helsinki	0.6	0.2	0.0	0.5	1.4
SE	Stockholm	1.4	0.5	-0.7	0.4	1.6
UK	London	0.9	0.7	-0.2	1.2	2.5
	Culham	0.9	0.8	-0.2	0.3	1.8
HR	Zagreb	1.1	0.2	0.0	0.3	1.6

Table 3.4
Changes in rent parities in the twelve months to 1st July 2012
Decomposition of the effects
(for staff)

Place of employment	Deletion of survey 2006	Introduction of survey 2012	Price index 2012	Dwelling structure		Total change
				Brussels	Other cities	
BG Sofia	-12.3	-1.8	-1.0	0.0	0.0	-14.8
CZ Prague	-2.6	-1.6	0.4	0.0	0.0	-3.8
DK Copenhagen	-0.7	2.0	-0.7	0.0	0.0	0.6
DE Berlin	1.2	1.0	-1.6	0.0	0.0	0.7
Bonn	0.8	0.2	-1.6	0.0	0.0	-0.6
Karlsruhe	1.7	0.2	-1.6	0.0	0.0	0.2
Munich	2.8	1.6	-1.6	0.0	0.0	2.7
EE Tallinn	-5.8	3.8	0.5	0.0	0.0	-1.7
EL Athens	-3.8	-3.1	-1.3	0.0	0.0	-7.9
ES Madrid	-2.1	-1.9	-0.8	0.0	0.0	-4.7
FR Paris	0.5	0.1	-0.6	0.0	0.0	0.0
IE Dublin	0.8	0.1	-1.2	0.0	0.0	-0.3
IT Rome	-3.9	-1.8	0.1	0.0	0.0	-5.6
Varese	-1.0	-1.7	0.1	0.0	0.0	-2.5
CY Nicosia	-2.2	-1.2	-0.9	0.0	0.0	-4.3
LV Riga	-7.8	6.1	-0.9	0.0	0.0	-3.1
LT Vilnius	-5.9	-1.9	-0.3	0.0	0.0	-8.0
HU Budapest	-3.9	-2.9	2.0	0.0	0.0	-4.8
MT Valletta	0.7	-2.1	-0.7	0.0	0.0	-2.1
NL The Hague	-4.9	2.6	-0.8	0.0	0.0	-3.2
AT Vienna	-1.4	0.0	0.2	0.0	0.0	-1.2
PL Warsaw	-3.4	-0.6	0.9	0.0	0.0	-3.1
PT Lisbon	-2.9	-2.2	-0.2	0.0	0.0	-5.3
RO Bucharest	-8.7	0.7	-0.7	0.0	0.0	-8.6
SI Ljubljana	-5.5	-1.2	-0.5	0.0	0.0	-7.1
SK Bratislava	-3.4	1.4	0.4	0.0	0.0	-1.6
FI Helsinki	1.2	0.1	-0.2	0.0	0.0	1.1
SE Stockholm	1.8	0.4	-1.5	0.0	0.0	0.7
UK London	6.9	-2.8	-0.9	0.0	0.0	2.9
Culham	0.5	0.6	-0.9	0.0	0.0	0.2

3.3.2 Major changes in the economic parities from 2011 to 2012

The rent and imputed rent parities, due to their associated high consumption weights (around 22% on average across the EU) 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.

The correction coefficient for rents (compared to Brussels =100) is very high in London (325.6), Paris (179.7), Stockholm (171.5), and Copenhagen (160.6), whereas they are quite low in Sofia (50.0), Nicosia (60.1), Valletta (75.3), Lisbon (76.5) and Tallinn (76.8).

For the overall correction coefficient, however, the range is smaller: London (147.8), Copenhagen (135.3), and Stockholm (131.9) compared to Sofia (58.4), Bucharest (68.8) and Vilnius (71.5).

When rents are added to the computation, the correction coefficient is increased by 10% or more in London (+35.8%), Bucharest (+14.9%), Paris (+14.2%), Budapest (+12.7%), Warsaw (+12.6%) and Prague (+10.0%). By contrast the impact is negative in Nicosia (-8.5%), Sofia (-4.3%), Karlsruhe (-3.5%), Varese (-3.3%), Bonn (-2.9%), Valletta (-2.8%) and Lisbon (-2.7%) and the impact is near zero in Berlin and Tallinn.

More details on the effect of rent on the 2012 correction coefficients are given in table 3.5.

Table 3.5
Effect of rent on the correction coefficients - 2012
(for staff)

Place of employment	Weight		Correction coefficient			Rent effect [5]/[3] (%)
	Without rent	Rent	Without rent	Rent	Overall	
	[1]	[2]	[3]	[4]	[5]	[6]
BG Sofia	797.1	203.0	61.0	50.0	58.4	-4.3
CZ Prague	734.6	265.4	73.3	107.6	80.6	10.0
DK Copenhagen	701.4	298.7	127.2	160.6	135.3	6.4
DE Berlin	802.0	198.0	95.8	96.1	95.8	0.0
Bonn	802.0	198.0	96.9	84.4	94.1	-2.9
Karlsruhe	802.0	198.0	97.2	82.6	93.8	-3.5
Munich	802.0	198.0	100.3	131.6	106.4	6.1
EE Tallinn	774.6	225.5	77.8	76.8	77.6	-0.3
EL Athens	861.1	138.9	89.5	96.3	90.5	1.1
ES Madrid	799.1	200.9	89.5	129.9	97.1	8.5
FR Paris	767.5	232.5	103.1	179.7	117.7	14.2
IE Dublin	814.7	185.3	105.1	134.5	110.6	5.2
IT Rome	818.2	181.8	95.7	142.8	104.2	8.9
Varese	845.0	155.0	96.6	81.6	93.4	-3.3
CY Nicosia	810.5	189.4	91.9	60.1	84.1	-8.5
LV Riga	752.5	247.4	75.3	85.5	77.6	3.1
LT Vilnius	758.8	241.2	68.7	81.4	71.5	4.1
HU Budapest	733.7	266.4	69.5	112.1	78.3	12.7
MT Vallette	793.7	206.3	85.7	75.3	83.3	-2.8
NL The Hague	806.5	193.5	99.4	129.7	105.3	5.9
AT Vienna	725.4	274.6	99.9	127.9	106.4	6.5
PL Warsaw	753.9	246.1	65.9	107.5	74.2	12.6
PT Lisbon	766.9	233.1	85.8	76.5	83.5	-2.7
RO Bucharest	734.6	265.4	59.9	106.8	68.8	14.9
SI Ljubljana	748.2	251.8	83.2	92.3	85.3	2.5
SK Bratislava	757.8	242.3	76.0	93.0	79.7	4.9
FI Helsinki	714.5	285.5	112.9	152.9	122.1	8.1
SE Stockholm	729.6	270.5	120.8	171.5	131.9	9.2
UK London	691.6	308.4	108.8	325.6	147.8	35.8
Culham	764.5	235.5	106.7	133.8	112.5	5.4

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 2012 have been calculated in accordance with the agreed methodology 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). A similar approach is used in Bulgaria and Romania.
 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 2002. Consumption weights for Croatia have been estimated as the average of the values for duty stations outside Brussels, adjusted for rents (this is a similar method to the estimation of values for staff duty stations with insufficient individual sample response).

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 2011 and 2012.

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 (only for the pension rights acquired before 1 May 2004; being the correction coefficient 100% for the pension rights acquired from that date) 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
1.07.2012
(for pensioners)

Expenditure Groups*	BE	BG		CZ		DK		DE		EE		EL		ES	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	97.4	1.303	96.6	19.44	87.1	8.991	66.9	0.979	90.1	0.779	96.9	0.943	90.9	0.814
2	26.4	25.4	1.654	25.1	26.43	22.7	10.630	22.4	0.974	23.5	1.109	25.2	1.239	23.7	0.865
3	75.8	77.3	1.281	76.6	20.73	69.1	8.014	76.6	0.880	71.5	0.856	76.9	0.951	72.1	0.863
4	176.3	109.2	0.619	117.0	17.94	203.9	9.08	187.1	1.028	176.0	0.907	114.0	0.689	169.0	0.928
5	119.5	128.2	1.009	127.1	18.21	114.6	8.310	130.4	0.925	118.6	0.689	127.5	0.903	119.6	0.905
6	36.1	34.0	1.163	33.7	16.86	30.4	9.29	32.0	0.966	31.5	0.664	33.8	0.827	31.7	0.701
7	164.0	192.3	1.415	190.6	20.69	171.9	11.27	163.8	1.062	177.9	0.799	191.3	0.992	179.4	1.021
8	17.2	18.9	1.108	18.7	22.76	16.9	5.952	16.4	0.663	17.5	0.588	18.8	1.062	17.6	1.185
9	118.2	149.2	1.300	147.9	20.86	133.4	9.54	149.8	1.008	138.0	0.826	148.4	1.002	139.2	0.977
10	9.4	10.7	0.334	10.6	10.40	9.6	10.82	1.2	1.321	9.9	0.295	10.7	0.644	10.0	0.781
11	74.8	71.1	0.974	70.4	14.34	63.5	10.412	68.0	0.843	65.7	0.664	70.7	0.727	66.3	0.809
12	83.3	86.3	1.485	85.5	20.80	77.1	10.37	85.5	0.882	79.8	0.771	85.8	0.895	80.5	0.878
Rents	132.4	62.0	0.543	70.2	21.45	161.7	8.51	136.5	1.081	67.0	0.844	132.3	0.941	124.9	1.001
Total w without rents	867.6	938.0	1.205	929.8	19.04	838.3	9.628	863.5	0.949	933.0	0.775	867.7	0.883	875.1	0.897
Global parity			1.122		19.24		9.461		0.966		0.780		0.890		0.909

Expenditure Groups*	BE	FR		IE		IT		CY		LV		LT		HU	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	94.5	0.971	85.9	1.003	95.5	0.964	69.0	0.902	99.8	0.565	106.3	2.374	103.7	225.6
2	26.4	20.4	1.001	22.4	1.507	17.4	1.115	23.1	1.199	26.0	0.839	19.3	3.430	22.4	261.1
3	75.8	57.6	1.005	68.2	0.766	71.8	0.952	79.0	0.846	79.2	0.583	79.9	2.833	63.3	223.1
4	176.3	194.9	1.332	214.5	1.158	212.4	1.001	161.9	0.666	87.4	0.435	123.0	1.972	116.1	161.3
5	119.5	118.4	1.103	113.1	0.874	102.1	0.948	134.5	0.857	131.4	0.432	113.7	2.195	130.0	173.8
6	36.1	18.9	0.944	30.0	1.104	45.5	1.045	33.0	1.028	34.8	0.530	50.6	2.516	20.7	182.0
7	164.0	177.0	1.071	169.6	1.127	193.4	0.977	168.9	0.996	197.0	0.571	215.3	2.812	194.3	236.6
8	17.2	19.4	0.897	16.7	0.841	14.6	0.924	16.9	0.404	19.4	0.483	16.3	1.847	21.3	249.3
9	118.2	131.8	1.045	131.6	1.047	119.8	1.008	154.4	1.108	152.9	0.560	133.4	2.601	144.7	223.2
10	9.4	14.9	0.986	9.4	1.353	4.7	0.997	1.2	0.833	11.0	0.229	5.2	0.885	16.4	87.87
11	74.8	71.7	1.105	62.7	0.972	41.4	0.897	70.1	0.837	72.8	0.512	46.1	2.024	78.8	150.5
12	83.3	80.5	1.056	76.1	1.170	81.6	0.929	88.1	0.849	88.4	0.547	90.8	2.383	88.4	199.8
Rents	132.4	148.8	1.501	172.8	1.242	144.2	1.088	109.7	0.634	39.0	0.513	47.1	1.986	65.4	183.9
Total w without rents	867.6	851.2	1.037	827.2	1.013	855.8	0.958	890.3	0.912	961.0	0.523	952.9	2.447	934.6	199.6
Global parity			1.092		1.045		0.974		0.874		0.521		2.401		197.7

* For explanation of codes see table 3.1

Table 4.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2012
(for pensioners)

Expenditure Groups*	BE	MT		NL		AT		PL		PT		RO		SI	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	96.4	0.857	88.7	0.830	87.9	0.998	97.8	2.740	90.5	0.809	97.3	2.732	91.1	0.881
2	26.4	25.1	0.958	23.1	1.025	22.9	0.964	25.5	4.615	23.6	0.886	25.3	3.022	23.7	1.054
3	75.8	76.5	0.749	70.4	0.865	69.7	0.883	77.6	2.942	71.8	0.766	77.2	3.208	72.3	0.814
4	176.3	118.3	0.735	188.6	1.086	196.2	1.220	105.4	2.442	172.5	0.689	110.4	1.921	167.1	0.647
5	119.5	126.9	0.741	116.8	0.937	115.7	0.976	128.8	2.646	119.1	0.849	128.1	2.323	119.9	0.770
6	36.1	33.7	0.922	31.0	1.108	30.7	0.996	34.1	2.313	31.6	0.815	34.0	2.849	31.8	0.727
7	164.0	190.3	1.028	175.2	1.131	173.5	1.077	193.1	3.295	178.6	1.082	192.0	3.313	179.8	0.898
8	17.2	18.7	0.653	17.2	0.997	17.1	0.794	19.0	2.560	17.6	0.912	18.9	2.151	17.7	0.709
9	118.2	147.7	0.887	135.9	1.033	134.7	1.031	149.9	3.122	138.6	0.882	149.0	3.093	139.5	0.941
10	9.4	10.6	0.622	9.8	0.919	9.7	0.874	10.8	1.240	10.0	0.981	10.7	0.929	10.0	0.646
11	74.8	70.3	0.785	64.7	1.042	64.1	0.916	71.4	2.622	66.0	0.651	71.0	1.908	66.4	0.768
12	83.3	85.4	0.852	78.6	0.980	77.8	1.029	86.6	2.981	80.1	0.787	86.1	3.526	80.7	0.891
Rents	132.4	71.6	0.828	145.6	1.102	153.5	1.320	58.0	2.573	128.6	0.647	63.3	2.095	122.9	0.642
Total without rents	867.6	928.4	0.839	854.4	0.994	846.5	0.991	942.0	2.877	871.4	0.859	936.7	2.741	877.1	0.840
Global parity			0.837		1.009		1.032		2.845		0.828		2.669		0.812

Expenditure Groups*	BE	SK		FI		SE		UK		HR	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	97.9	0.816	88.7	1.072	88.0	9.794	83.1	0.762	95.5	6.193
2	26.4	25.5	1.120	23.1	1.665	22.9	14.33	21.6	1.270	24.4	8.505
3	75.8	77.7	0.836	70.4	1.052	69.8	9.87	65.9	0.623	75.9	5.787
4	176.3	105.0	0.560	188.5	1.224	195.1	13.25	240.3	1.425	123.0	4.286
5	119.5	128.8	0.634	116.8	1.048	115.9	10.285	109.4	0.927	126.6	5.009
6	36.1	34.2	0.650	31.0	0.962	30.7	9.377	29.0	0.672	33.8	4.753
7	164.0	193.2	0.771	175.2	1.180	173.8	10.33	164.0	0.907	190.4	6.566
8	17.2	19.0	0.979	17.2	0.707	17.1	6.687	16.1	0.789	18.6	4.753
9	118.2	149.9	0.866	135.9	1.157	134.8	10.54	127.3	0.857	146.8	5.961
10	9.4	10.8	0.334	9.8	1.123	9.7	10.23	9.1	1.119	10.0	4.766
11	74.8	71.4	0.666	64.7	1.089	64.2	11.81	60.6	0.896	69.2	5.096
12	83.3	86.7	0.837	78.6	1.225	77.9	11.30	73.6	0.930	86.0	5.766
Rents	132.4	57.6	0.562	145.5	1.258	152.4	13.93	200.1	1.687	73.8	4.523
Total without rents	867.6	942.4	0.755	854.5	1.119	847.6	10.47	799.9	0.850	926.2	5.684
Global parity			0.735		1.138		10.90		0.950		5.553

* For explanation of codes see table 3.1

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

Country	Ratio applied in		Diff.
	2011	2012	
BE	0.91	0.91	0.00
BG *	0.38	0.51	0.12
CZ	0.62	0.70	0.08
DK	1.03	0.85	-0.18
DE	1.01	1.02	0.01
EE	1.00	1.00	0.00
EL	0.89	0.89	0.00
ES	0.70	0.70	0.00
FR	0.76	0.76	0.00
IE	0.84	0.84	0.00
IT	0.78	0.69	-0.09
CY	0.99	0.96	-0.03
LV	0.60	0.78	0.18
LT	0.76	0.64	-0.12
HU	0.52	0.52	0.00
MT	1.00	1.00	0.00
NL *	0.71	0.77	0.06
AT	0.98	0.94	-0.04
PL	0.46	0.51	0.05
PT	0.77	0.77	0.00
RO *	0.42	0.40	-0.02
SI	0.74	0.63	-0.11
SK	0.55	0.55	0.00
FI	0.76	0.75	-0.01
SE	0.84	0.84	0.00
UK	0.59	0.59	0.00
HR	0.55	0.59	0.04

* Country PPP rent (estimated from ECP data)

4.2. Purchasing power parities for pensioners – analysis of results

In 2012, for 14 out of 25 member states (i.e. excluding BE and LU), 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 the remaining 11 countries, the rent correction coefficient is greater than 100.

Moreover, for 12 Member States, the rent correction coefficient is lower than the correction coefficient without rent. This means that, for these places, the rents lead to a reduction of the global correction coefficient.

Table 4.4
Effect of rent on the correction coefficients - 2012
(for pensioners)

Country	Weight		Correction coefficient			Rent effect [5]/[3] (%)
	Without rent	Rent	Without rent	Rent	Overall	
	[1]	[2]	[3]	[4]	[5]	[6]
BG	938.0	62.0	61.6	27.8	57.4	-6.8
CZ	929.8	70.2	73.8	83.1	74.6	1.1
DK	838.3	161.7	129.5	114.5	127.3	-1.7
DE	863.5	136.5	94.9	108.1	96.6	1.8
EE	933.0	67.0	77.5	84.4	78.0	0.6
EL	867.7	132.3	88.3	94.1	89.0	0.8
ES	875.1	124.9	89.7	100.1	90.9	1.3
FR	851.2	148.8	103.7	150.1	109.2	5.3
IE	827.2	172.8	101.3	124.2	104.5	3.2
IT	855.8	144.2	95.8	108.8	97.4	1.7
CY	890.3	109.7	91.2	63.4	87.4	-4.2
LV	961.0	39.0	75.2	73.7	74.9	-0.4
LT	952.9	47.1	70.9	57.5	69.5	-2.0
HU	934.6	65.4	69.3	63.9	68.7	-0.9
MT	928.4	71.6	83.9	82.8	83.7	-0.2
NL	854.4	145.6	99.4	110.2	100.9	1.5
AT	846.5	153.5	99.1	132.0	103.2	4.1
PL	942.0	58.0	67.1	60.0	66.4	-1.0
PT	871.4	128.6	85.9	64.7	82.8	-3.6
RO	936.7	63.3	61.6	47.1	60.0	-2.6
SI	877.1	122.9	84.0	64.2	81.2	-3.3
SK	942.4	57.6	75.5	56.2	73.5	-2.6
FI	854.5	145.5	111.9	125.8	113.8	1.7
SE	847.6	152.4	119.0	158.3	123.8	4.0
UK	799.9	200.1	106.4	211.1	119.0	11.8

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, London the highest capital-based CC. The biggest differences between capital city CCs and country CCs can be observed in the United Kingdom, Hungary, Romania, France, Finland, Sweden and Denmark. By contrast, in Germany, Estonia, Malta, and Portugal the two CCs are nearly at the same level.

In all countries except Germany, Estonia, Cyprus, and Malta the country CCs are lower than the capital city CCs. Without rents, the two sets of CCs are closer – and the country CC without rent is slightly higher than the capital city CC in 11 out of 25 Member States.

It should be mentioned that the Staff Regulations set out specific rules for the application of the pensioner CC.

Table 4.5
Pensioners correction coefficients and Staff correction coefficients
1.7.2012

Correction coefficients for pensioners				Correction 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
BG	61.6	27.8	57.4	Sofia	61.0	50.0	58.4
CZ	73.8	83.1	74.6	Prague	73.3	107.6	80.6
DK	129.5	114.5	127.3	Copenhagen	127.2	160.6	135.3
DE	94.9	108.1	96.6	Berlin	95.8	96.1	95.8
EE	77.5	84.4	78.0	Tallinn	77.8	76.8	77.6
EL	88.3	94.1	89.0	Athens	89.5	96.3	90.5
ES	89.7	100.1	90.9	Madrid	89.5	129.9	97.1
FR	103.7	150.1	109.2	Paris	103.1	179.7	117.7
IE	101.3	124.2	104.5	Dublin	105.1	134.5	110.6
IT	95.8	108.8	97.4	Rome	95.7	142.8	104.2
CY	91.2	63.4	87.4	Nicosia	91.9	60.1	84.1
LV	75.2	73.7	74.9	Riga	75.3	85.5	77.6
LT	70.9	57.5	69.5	Vilnius	68.7	81.4	71.5
HU	69.3	63.9	68.7	Budapest	69.5	112.1	78.3
MT	83.9	82.8	83.7	Vallette	85.7	75.3	83.3
NL	99.4	110.2	100.9	The Hague	99.4	129.7	105.3
AT	99.1	132.0	103.2	Vienna	99.9	127.9	106.4
PL	67.1	60.0	66.4	Warsaw	65.9	107.5	74.2
PT	85.9	64.7	82.8	Lisbon	85.8	76.5	83.5
RO	61.6	47.1	60.0	Bucharest	59.9	106.8	68.8
SI	84.0	64.2	81.2	Ljubljana	83.2	92.3	85.3
SK	75.5	56.2	73.5	Bratislava	76.0	93.0	79.7
FI	111.9	125.8	113.8	Helsinki	112.9	152.9	122.1
SE	119.0	158.3	123.8	Stockholm	120.8	171.5	131.9
UK	106.4	211.1	119.0	London	108.8	325.6	147.8
HR	75.6	60.2	73.9	Zagreb	75.8	92.7	78.6

5. INFORMATION ABOUT WORKING TIME

Through the standard remuneration questionnaire, Eurostat also collects statistical information on differences in the working hours of national officials 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 2012 has been compared with that in July 2011.

Table 5.1
Statutory or contractual weekly working hours in central governments

Country	Weekly working hours		Remarks
	July 2011	July 2012	
BE	38	38	
DE	41	41	
ES	37:30' - 40	37:30' - 40	
FR	35	35	
IT	36	36	
LU	40	40	
NL	36	36	
UK (London)	36	36	2011 and 2012: 8 depts
UK (Country)	37	37	2011 and 2012: 8 depts

Table 5.2
Number of days annual leave

Country	Number of days		Remarks
	July 2011	July 2012	
BE	26 - 33	26 - 33	Depends on age
DE	26-30	26-30	Depends on age
ES	28-32	28 - 32	Depends on age
FR	25	25	2 days bonus maximum
IT	32	32	Under 3 years of service: 30 days
LU	32-36	32 - 36	Depends on age
NL	23 - 27	23 - 27	Depends on age
UK	22 - 30	22 - 30	Differences between Ministries. Depends on age and grade

Table 5.3
Number of public holidays per year (statutory, contractual, etc)

Country	Number of days		Remarks
	July 2011	July 2012	
BE	13	13	Time off when the public holiday falls on Saturday or Sunday
DE	6 (7 inkl. Saturdays)	8	Berlin
ES	14	14	Time off when the public holiday falls on Sunday
FR	10	10	
IT	11	11	
LU	11	11	Time off when the public holiday falls on Sunday
NL	8	8	
UK	10,5 - 11,5	10,5 - 12	Time off when the public holiday falls on Saturday or Sunday

Similarly, information is also collected about retirement age in central government. The situation at July 2012 is shown in Table 5.4.

Table 5.4
Age of retirement and early retirement

Country	Age		Remarks
	Retirement	Early retirement	
BE	65	60	Possibility of part-time from 55 years
DE	65 (police 60)	63	Variations of retirement depending on age
ES	65	60-64	Early retirement: at least 30 years of service
FR	60	51-55	
IT	66	60 - 61	Variations of retirement depending on sex and contributions
LU	60	57	Early retirement: 40 years of service
NL	65	60 - 65	
UK	60 - 65	50-55	