

ANNEX

Annex 1 to the Eurostat Report on
Annual Adjustment of

Remuneration and Pensions

Explanations and statistical analyses

Reference period:

Year to 1 July 2007

Introduction

This document is an annex to the Eurostat report on the annual adjustment of remuneration and pensions. While the main results concerning specific indicators and correction coefficients for staff and pensioners are presented in the main 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 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 by the responsible authorities in the Member States. For any information concerning this annex, please contact Eurostat in Luxembourg:

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5. EVOLUTION OF PURCHASING POWER OF NATIONAL OFFICIALS

5.1. 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.

5.1.1. *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.

5.1.2. *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.).

5.1.3. 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 2006 sent in 2006 and again in 2007), 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).

5.1.4. 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.

5.1.5. 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%.

5.1.6. 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.

5.1.7. 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%.

5.1.8. 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 8 Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, Netherlands and United Kingdom.

5.1.9. 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 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**.

5.2. 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 2007 (1.7.2006 = 100)

Country	Nominal change			Real change		
	AD	AST	Total	AD	AST	Total
BE Gross	102.0	102.0	102.0	100.7	100.7	100.7
BE Net	101.9	101.9	101.9	100.6	100.6	100.6
DE Gross	97.7	97.8	97.7	95.8	95.9	95.8
DE Net	98.1	98.2	98.2	96.2	96.3	96.3
ES Gross	103.7	103.8	103.7	101.2	101.3	101.2
ES Net	103.9	104.0	104.0	101.4	101.5	101.5
FR Gross	101.7	101.1	101.3	100.4	99.8	100.0
FR Net	102.2	101.6	101.8	100.9	100.3	100.5
IT Gross	104.5	105.5	105.1	102.6	103.5	103.1
IT Net	103.1	103.8	103.6	101.2	101.9	101.7
LU Gross	102.4	102.4	102.4	100.1	100.1	100.1
LU Net	100.7	101.0	100.9	98.4	98.7	98.6
NL Gross	104.0	105.2	104.7	102.2	103.3	102.8
NL Net	104.6	105.3	105.0	102.8	103.4	103.1
UK Gross	103.3	103.2	103.2	100.9	100.8	100.8
UK Net	103.3	103.2	103.2	100.9	100.8	100.8
Total Gross	101.9	102.0	101.9	99.9	100.0	99.9
Total Net	101.9	101.9	101.9	99.9	100.0	100.0

5.3. 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 2007

Country	Gross remuneration	Net remuneration	12 Months HICP
BE	102.0	101.9	101.3
DE	97.7	98.2	102.0
ES	103.7	104.0	102.5
FR	101.3	101.8	101.3
IT	105.1	103.6	101.9
LU	102.4	100.9	102.3
NL	104.7	105.0	101.8
UK	103.2	103.2	102.4
Total	101.9	101.9	101.9

5.4. 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 2000-2007 the real net specific indicator for the European Union has increased by **2.4%**.

Table 1.3

Changes in the purchasing power of salaries of civil servants in the central government 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	120.5	122.1	115.1	104.7	106.2
DE	103.8	108.6	113.1	91.7	96.1
ES	122.7	121.6	126.0	97.4	96.5
FR	123.3	118.9	114.0	108.2	104.3
IT	123.4	124.0	117.8	104.6	105.3
LU	125.3	128.9	119.9	104.6	107.6
NL	111.7	121.9	117.6	95.0	103.5
UK	126.0	125.0	116.8	108.0	107.1
Total	118.3	119.3		101.6	102.4

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

5.5. 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 presents the changes in these two indicators for the period 2000-2007.

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	Real gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	104.7	110.0	5.0
DE	91.7	98.1	6.9
ES	97.4	121.6	24.9
FR	108.2	102.7	-5.1
IT	104.6	107.0	2.2
LU	104.6	97.9	-6.4
NL	95.0	112.6	18.6
UK	108.0	115.4	6.9
Total	101.6	106.9	5.2

*Eurostat and DG-ECFIN estimates

6. 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 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 the cost of living in Brussels 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 described above (Brussels International Index).

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
2006	102.1	139.5
2007	101.4	141.5

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

2004 - : Brussels International Index (BII)

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

7.1. 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 surveys.

For the 2007 annual review, new parities obtained from price surveys have been integrated for the following groups:

Consumer services (Spring survey 2005);

Furniture & Healthcare (Autumn survey 2005).

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 Brussels and The Hague.

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.

7.2. 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
1.07.2007
(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	129.5	125.6	1.20481	128.4	18.402	54.2	9.249	104.6	0.923	104.6	0.966	104.6	1.000
2	21.8	37.9	1.43914	25.9	23.775	12.6	9.480	23.2	0.961	23.2	0.929	23.2	0.913
3	46.7	46.9	0.98589	73.6	22.687	50.1	7.492	49.1	0.940	49.1	0.914	49.1	0.916
4	245.7	228.9	1.32552	273.7	32.072	335.8	11.718	248.8	0.985	248.8	0.904	248.8	0.866
5	85.3	97.6	0.98602	110.8	20.879	67.4	9.047	89.6	0.910	89.6	0.944	89.6	0.900
6	18.5	3.2	1.07889	4.0	18.218	11.3	8.320	15.4	1.087	15.4	1.109	15.4	1.095
7	151.0	163.2	1.74579	129.3	23.819	181.2	12.001	180.9	1.108	180.9	1.123	180.9	1.118
8	21.5	41.9	2.13193	18.9	33.377	25.3	6.073	21.0	0.968	21.0	0.930	21.0	1.017
9	109.9	117.8	1.43306	87.0	24.288	116.4	10.304	134.8	1.063	134.8	1.065	134.8	1.020
10	18.2	0.0	-	0.0	-	32.6	9.783	13.7	1.557	13.7	1.557	13.7	1.557
11	90.8	74.1	0.85813	79.0	15.492	43.0	11.241	77.9	0.893	77.9	0.922	77.9	0.913
12	61.2	63.0	1.25155	69.2	19.454	70.1	9.520	41.0	0.914	41.0	0.920	41.0	0.947
Rents	195.7	190.1	1.51682	253.5	34.187	246.7	11.824	198.0	0.951	198.0	0.853	198.0	0.805
Total without rents	804.3	809.9	1.24085	746.4	20.861	753.3	10.000	802.0	1.004	802.0	1.017	802.0	1.013
Global parity	1000.0	1000.0	1.28651	999.9	23.241	1000.0	10.376	1000.0	0.993	1000.0	0.983	1000.0	0.969

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	129.5	104.6	1.028	135.2	11.536	62.0	0.890	120.2	0.900	98.6	0.989	85.1	1.075
2	21.8	23.2	0.913	27.3	12.989	17.0	1.045	24.1	0.787	20.7	0.985	19.7	1.668
3	46.7	49.1	0.924	77.5	13.733	88.3	0.948	71.4	0.932	50.8	0.928	55.5	0.876
4	245.7	248.8	1.161	225.4	14.511	261.6	0.969	248.9	1.223	285.0	1.640	223.8	1.557
5	85.3	89.6	0.920	116.7	10.428	89.2	0.924	107.1	0.963	89.2	1.045	95.6	0.991
6	18.5	15.4	1.092	4.2	11.720	17.0	0.804	14.4	0.757	14.1	1.002	21.3	1.192
7	151.0	180.9	1.125	146.7	12.577	158.2	0.999	144.2	1.004	153.1	1.058	165.5	1.195
8	21.5	21.0	0.980	19.9	11.009	37.0	1.025	19.0	1.023	20.4	0.992	14.6	1.114
9	109.9	134.8	1.067	91.2	14.146	97.3	1.039	92.3	0.998	118.7	1.078	135.1	1.168
10	18.2	13.7	1.557	0.0	-	20.2	0.621	14.1	0.746	14.6	0.936	48.4	1.146
11	90.8	77.9	1.024	83.2	10.127	66.2	0.966	76.2	0.918	71.7	1.066	63.8	1.259
12	61.2	41.0	0.989	72.8	11.751	86.0	0.875	68.1	0.927	63.1	1.114	71.6	1.124
Rents	195.7	198.0	1.198	207.0	15.632	222.0	1.077	205.7	1.397	232.5	1.876	185.3	1.672
Total without rents	804.3	802.0	1.037	793.0	11.776	778.0	0.923	794.3	0.926	767.5	1.032	814.7	1.131
Global parity	1000.0	1000.0	1.066	1000.0	12.453	1000.0	0.953	1000.0	1.004	1000.0	1.174	1000.0	1.218

Table 3.1 (Continued on next page)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2007
(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	129.5	105.8	1.010	105.8	1.042	139.9	0.61843	130.7	0.52325	131.2	2.2731	122.7	195.73
2	21.8	23.1	1.032	22.5	1.027	28.2	0.75077	26.4	0.56049	26.5	2.8512	24.8	233.06
3	46.7	64.6	1.004	63.3	1.008	80.1	0.46985	74.9	0.53260	75.1	2.1367	70.3	185.80
4	245.7	210.4	1.434	191.5	0.836	197.0	0.37678	251.1	0.69922	249.1	3.1742	298.3	313.01
5	85.3	108.5	1.030	113.4	1.075	120.7	0.51178	112.8	0.46454	113.2	2.0720	105.9	162.11
6	18.5	9.9	1.223	16.9	1.221	4.4	0.56211	4.1	0.48419	4.1	2.3144	3.8	197.73
7	151.0	156.2	1.065	171.3	1.048	151.8	0.65261	141.9	0.52824	142.3	2.5187	133.2	229.34
8	21.5	20.3	0.816	21.2	0.816	20.6	0.26800	19.3	0.55295	19.3	1.7679	18.1	202.95
9	109.9	127.4	1.035	135.5	1.065	95.7	0.61476	88.0	0.56724	87.8	2.5091	81.5	214.04
10	18.2	19.5	0.988	13.8	0.988	0.0	-	0.0	-	0.0	-	0.0	-
11	90.8	72.0	0.962	60.6	0.997	86.1	0.61976	80.4	0.45838	80.7	1.8644	75.5	190.45
12	61.2	82.3	0.999	84.2	0.975	75.4	0.49549	70.4	0.50373	70.7	2.5832	66.1	174.68
Rents	195.7	164.5	1.660	130.9	0.827	157.1	0.36224	232.4	0.78627	226.0	3.4687	273.7	343.32
Total without rents	804.3	835.5	1.009	869.1	1.020	842.9	0.56623	767.6	0.50354	774.0	2.2567	726.3	195.14
Global parity	1000.0	1000.0	1.106	1000.0	0.986	1000.0	0.52493	1000.0	0.55232	1000.0	2.4635	1000.0	222.30

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	129.5	128.6	0.340	101.5	0.879	116.0	0.994	131.8	2.4042	95.8	0.841	120.6	2.1796
2	21.8	38.7	0.539	18.1	0.998	23.2	0.937	26.6	3.4038	26.0	0.951	24.3	2.1806
3	46.7	48.0	0.368	45.7	0.862	68.9	1.018	75.5	2.2462	60.8	0.698	69.1	1.5420
4	245.7	220.5	0.279	254.2	1.487	275.5	1.242	249.5	3.9482	217.2	0.909	310.1	3.2271
5	85.3	99.9	0.343	95.6	0.949	103.4	0.968	113.8	2.7888	111.0	0.846	104.0	1.9387
6	18.5	3.3	0.398	8.6	1.074	13.9	1.028	4.1	2.2477	17.3	0.955	3.8	1.9461
7	151.0	159.3	0.517	165.7	1.208	139.1	1.100	138.0	3.2604	163.9	1.186	130.8	2.5285
8	21.5	42.9	0.482	19.7	0.904	18.3	0.981	19.4	3.4905	25.8	0.956	17.8	2.4571
9	109.9	118.4	0.419	120.3	1.029	89.0	1.049	89.1	3.2136	108.1	0.991	80.4	2.6436
10	18.2	0.0	-	28.2	0.922	13.6	1.025	0.0	-	30.5	0.943	0.0	-
11	90.8	75.8	0.326	86.6	1.032	73.5	1.002	81.1	2.6004	77.5	0.804	74.2	1.7977
12	61.2	64.4	0.355	55.8	1.039	65.7	1.068	71.0	2.8910	66.1	0.913	64.9	2.4191
Rents	195.7	180.9	0.286	193.5	1.580	233.9	1.276	226.1	4.2711	186.1	0.936	286.1	3.5372
Total without rents	804.3	819.1	0.385	806.5	1.024	766.1	1.030	773.9	2.7972	813.9	0.919	713.9	2.1632
Global parity	1000.0	1000.0	0.364	1000.0	1.115	1000.0	1.078	1000.0	3.0522	1000.0	0.922	1000.0	2.4155

Table 3.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2007
(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	129.5	125.9	0.8388	121.1	25.670	114.9	1.065	113.4	9.941	80.1	0.64950	98.5	0.65252
2	21.8	25.4	0.7630	36.5	35.495	23.0	1.316	22.7	12.463	19.9	1.03697	19.5	1.03197
3	46.7	72.1	0.8886	45.2	26.501	68.3	1.052	67.4	9.695	42.3	0.53126	47.3	0.52115
4	245.7	277.4	1.0670	256.3	35.233	281.9	1.296	291.5	12.701	332.4	1.80422	287.7	0.93960
5	85.3	108.6	0.7444	94.2	16.578	102.4	1.067	101.1	9.320	80.2	0.76668	86.3	0.74020
6	18.5	3.9	0.7916	3.1	24.923	13.8	1.205	13.6	9.172	9.6	0.70099	6.0	0.70099
7	151.0	136.6	0.8913	157.4	31.351	137.9	1.249	136.0	11.105	154.6	0.79964	153.1	0.77730
8	21.5	18.5	0.6639	40.4	34.764	18.1	0.766	17.9	5.855	17.6	0.58736	19.0	0.59100
9	109.9	86.2	0.9488	113.6	28.343	88.2	1.227	87.0	10.703	114.8	0.74653	130.4	0.74513
10	18.2	0.0	-	0.0	-	13.4	1.064	13.3	10.029	20.9	0.86976	22.0	0.86976
11	90.8	77.4	0.6759	71.5	20.832	72.9	1.189	71.9	10.357	65.1	0.81495	60.0	0.81858
12	61.2	67.8	0.8578	60.7	28.295	65.1	1.134	64.2	10.958	62.5	0.79194	70.2	0.73584
Rents	195.7	236.8	1.1461	218.9	38.570	240.6	1.363	250.8	13.025	308.4	2.11664	235.5	1.03878
Total without rents	804.3	763.2	0.8227	781.1	25.284	759.4	1.132	749.2	10.253	691.6	0.73710	764.5	0.72114
Global parity	1000.0	1000.0	0.8826	1000.0	27.497	1000.0	1.178	1000.0	10.808	1000.0	0.96180	1000.0	0.77926

Note: Slovenia joined Eurozone on 1 January 2007.

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 2007
 (Values expressed in Euro, except local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SE, UK)

Country Place of employment			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)
BE	Brussels	2006	1542	1182	901	887	722	656	526
		2007	1572	1165	895	915	735	682	549
BG	Sofia	2006		1013		731		431	
		2007		1092		657		426	
CZ	Prague	2006		35906		25467		17544	
		2007		40375		29225		20000	
DK	Copenhagen	2006		13375			8756		6500
		2007		14313			9594		6419
DE	Berlin	2006		1118		819		634	
		2007		1145		838		641	
	Bonn	2006		1010		755		575	
		2007		1025		750		576	
	Karlsruhe	2006		875		677		523	
		2007		893		703		551	
	Munich	2006		1284		945		735	
		2007		1380		1017		791	
EE	Tallin	2006			13980		10625		8100
		2007			16850		12475		8550
EL	Athens	2006	1548			944		697	
		2007	1643			1015		756	
ES	Madrid	2006		1478			1050		817
		2007		1550			1134		856
FR	Paris	2006		2112		1601			925
		2007		2205		1668			955
IE	Dublin	2006		1605			1330		1005
		2007		1800			1459		1123
IT	Rome	2006		2196		1674		1211	
		2007		2204		1610		1257	
	Varese	2006		918		703		564	
		2007		911		725		575	
CY	Nicosia	2006		395		322		251	
		2007		401		338		266	

Table 3.2 (Continued from previous page)
Changes in the average rents of accommodation in the twelve months to 1st July 2007
 (Values expressed in Euro, except local currencies: CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, 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)
BE	Brussels	2006	1542	1182	901	887	722	656	526
		2007	1572	1165	895	915	735	682	549
LV	Riga	2006		895		696		480	
		2007		1020		750		553	
LT	Vilnius	2006			2982		2353		1563
		2007			3398		2558		1763
HU	Budapest	2006		424578			264556		164006
		2007		420222			252089		139956
MT	Valletta	2006		307		220			130
		2007		341		230			153
NL	The Hague	2006		1839		1412		1106	
		2007		1892		1398		1013	
AT	Vienna	2006		1428		1044		798	
		2007		1428		1062		819	
PL	Warsaw	2006		5619		4065			2186
		2007		5985		4341			2367
PT	Lisbon	2006	1129			832		630	
		2007	1070			816		614	
RO	Bucharest	2006		1246		902			527
		2007		1438		1137			637
SI	Ljubljana	2006		1384		975			573
		2007		1379		979			564
SK	Bratislava	2006		1150		883		628	
		2007		1203		903		581	
FI	Helsinki	2006			1314		1031		825
		2007			1450		1075		839
SE	Stockholm	2006		17750		14000		9875	
		2007		18600		14700		10800	
UK	London	2006			1844		1421		1112
		2007			2105		1579		1238
	Culham	2006			1038		817		707
		2007			1079		863		684

Note: Slovenia joined Eurozone on 1 January 2007; values converted using fixed exchange rate.

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, EE, CY, LV, LT, HU, MT, PL, SI, 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	2006	1562	1235	996	2372	1770	1398	
		2007	1546	1225	1019	2304	1796	1402	
BG	Sofia	2006				1687			0.766
		2007				1511			0.776
CZ	Prague	2006		35700			55219		34.83
		2007		41125			63750		34.19
DK	Copenhagen	2006		15417			20000		11.52
		2007		16536			20786		11.82
DE	Berlin	2006		1160			1742		0.947
		2007		1241			1856		0.951
	Bonn	2006		1068			1584		0.843
		2007		1103			1605		0.853
	Karlsruhe	2006		988			1502		0.790
		2007		1077			1557		0.805
	Munich	2006		1503			2151		1.223
		2007		1523			2147		1.198
EE	Tallin	2006		18167			23944		14.55
		2007		19667			26175		15.63
EL	Athens	2006							1.069
		2007							1.077
ES	Madrid	2006							1.352
		2007							1.397
FR	Paris	2006							1.862
		2007							1.876
IE	Dublin	2006			1550			1860	1.569
		2007			1722			2089	1.672
IT	Rome	2006		1881					1.622
		2007		1899					1.660
	Varese	2006		1195		2016			0.799
		2007		1276		1969			0.827
CY	Nicosia	2006	579			942			0.355
		2007	589			954			0.362

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, EE, CY, LV, LT, HU, MT, PL, SI, 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	2006	1562	1235	996	2372	1770	1398	
		2007	1546	1225	1019	2304	1796	1402	
LV	Riga	2006	1134			1754			0.718
		2007	1272			1923			0.786
LT	Vilnius	2006		4065			6806		3.188
		2007		4563			7278		3.469
HU	Budapest	2006	529944			885144			338.9
		2007	421733			697089			343.3
MT	Valletta	2006		413		721			0.282
		2007		441		743			0.286
NL	The Hague	2006		1858					1.565
		2007		1938					1.580
AT	Vienna	2006		1631			2597		1.242
		2007		1716			2805		1.276
PL	Warsaw	2006		6079		9947			4.060
		2007		6883		10210			4.271
PT	Lisbon	2006	1322				2044		0.938
		2007	1371				1911		0.936
RO	Bucharest	2006					2005		0.971
		2007					2673		1.117
SI	Ljubljana	2006		1446			2025		1.134
		2007		1421			1936		1.146
SK	Bratislava	2006		1334			1914		1.158
		2007		1363			1936		1.140
FI	Helsinki	2006		1741			2317		1.348
		2007		1831			2294		1.363
SE	Stockholm	2006		16375			20500		12.84
		2007		15700			20167		13.02
UK	London	2006			2247				2.002
		2007			2702				2.117
	Culham	2006			1005			1347	1.007
		2007			990			1400	1.039

Note: Slovenia joined Eurozone on 1 January 2007; values converted using fixed exchange rate.

7.3. Purchasing power parities - analysis of results

7.3.1. Major changes in the economic parities from 2006 to 2007

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 2007 salary adjustment two new price surveys have been incorporated: *Consumer services* (conducted in Spring 2005) and *Furniture &*

Healthcare (conducted in Autumn 2005). The rent parities have been calculated for 2007 according to the moving-average model approved by the Article 64 Working Party.

The introduction of new prices from the latest price surveys this year affects 34 (out of 80) elementary parities, which together account for about 29% (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 2007 are based on the relative trend in the real-estate markets in Brussels and other places of employment between 2002 and 2007. These parities are, therefore, affected by the following factors:

introduction of rent data for year 2007,

deletion of the rent data for 2001,

price indices used for updating the rents for 2002 - 2006 to price of 2007, and

a new dwelling structure in 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 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 (1.7.2007) and by changes in the consumption structures (updated every five to seven years by the introduction of new FBS results)¹. Details of the changes in the economic parities from 2006 to 2007, including a decomposition of all the effects, are given in table 3.3.

The biggest movements in global economic parities between July 2006 and 2007 can be observed in Bucharest (+4.0%), Riga (+3.4%), Budapest (+3.0%) and Sofia (+2.6%), with decreases observed in Warsaw (-2.4%), Prague (-4.4%), Vilnius (-5.5%), Valletta (-6.4%) and Bratislava (-18.5%).

The largest increases in the rent parity could be observed in Bucharest (+15.1%), Riga (+9.5%), Vilnius (+8.8%), Tallinn (+7.4%), Dublin (+6.6%), London (+5.7%) and Warsaw (+5.2%). Decreases were recorded in Lisbon (-0.2%), Bratislava (-1.6%), Prague (-1.8%) and Munich (-2.1%).

As regards price indexation, official indices for the year to July 2007 at the level of total consumption were higher than Brussels in all places except Valletta, and – although there are important differences between HICP and PPP methodologies – this is apparent in the price updating effect.

¹ A new consumption structures for Dublin has been introduced this year.

Table 3.3
Changes in the economic parities in the twelve months to 1st July 2007
Decomposition of the effects
(for staff)

Country	Place of employment	Introduction of new surveys			Price updating effect	New consumption structure		Total change*
		Services	Furniture, Health	Rent		Brussels	Other cities	
BG	Sofia	-2.1	-0.9	1.4	4.3	0.0	0.0	2.6
CZ	Prague	-3.1	-1.0	-1.0	0.6	0.0	0.0	-4.4
DK	Copenhagen	-0.3	0.1	0.8	0.3	0.0	0.0	0.9
DE	Berlin	-0.6	-1.4	0.5	0.7	0.0	0.0	-0.8
	Bonn	1.1	-1.4	0.7	0.7	0.0	0.0	1.1
	Karlsruhe	0.8	-1.2	0.8	0.7	0.0	0.0	1.1
	Munich	0.9	-1.6	0.0	0.7	0.0	0.0	0.0
EE	Tallinn	-4.4	-0.8	-2.8	8.6	0.0	0.0	0.1
EL	Athens	0.9	0.1	-0.1	1.3	0.0	0.0	2.1
ES	Madrid	-2.7	-0.4	0.5	0.9	0.0	0.0	-1.8
FR	Paris	-1.2	0.3	0.2	0.1	0.0	0.0	-0.7
IE	Dublin	0.2	0.1	-0.2	1.9	0.0	-2.1	-0.2
IT	Rome	-2.6	0.0	0.6	0.3	0.0	0.0	-1.7
	Varese	-2.4	-0.4	0.7	0.4	0.0	0.0	-1.7
CY	Nicosia	0.3	-0.6	0.5	-0.1	0.0	0.0	0.0
LV	Riga	-3.9	-0.5	-1.0	9.2	0.0	0.0	3.4
LT	Vilnius	-8.2	-1.1	-1.7	5.9	0.0	0.0	-5.5
HU	Budapest	-0.3	-1.1	-0.5	5.1	0.0	0.0	3.0
MT	Valetta	-5.0	-0.5	0.4	-1.3	0.0	0.0	-6.4
NL	The Hague	0.5	-0.3	0.4	0.5	0.0	0.0	1.2
AT	Vienna	1.6	-1.1	1.0	-0.3	0.0	0.0	1.2
PL	Warsaw	-2.7	-0.8	0.5	0.7	0.0	0.0	-2.4
PT	Lisbon	0.0	-0.2	0.1	0.4	0.0	0.0	0.3
RO	Bucharest	1.3	-0.4	-13.2	18.7	0.0	0.0	4.0
SI	Ljubljana	0.1	-0.5	0.2	1.8	0.0	0.0	1.6
SK	Bratislava	-15.3	-0.8	-3.0	-0.1	0.0	0.0	-18.5
FI	Helsinki	0.8	-0.1	0.3	0.0	0.0	0.0	1.0
SE	Stockholm	0.9	0.4	0.6	0.0	0.0	0.0	1.8
UK	London	-2.8	0.0	1.5	1.1	0.0	0.0	-0.1
	Culham	-3.1	0.0	0.7	1.2	0.0	0.0	-1.3

* Values may differ slightly from Table 4 due to rounding

Table 3.4
Changes in rent parities in the twelve months to 1st July 2007
Decomposition of the effects
(for staff)

Place of employment	Deletion of survey 2001	Introduction of survey 2007	Price index 2007	Dwelling structure		Total change
				Brussels	Other cities	
BG Sofia	-0.7	-1.1	3.1	0.0	0.0	1.2
CZ Prague	-5.5	3.0	0.9	0.0	0.0	-1.8
DK Copenhagen	1.1	1.4	0.1	0.0	0.0	2.7
DE Berlin	-0.1	1.0	-0.4	0.0	0.0	0.5
Bonn	1.4	0.2	-0.4	0.0	0.0	1.2
Karlsruhe	1.1	1.2	-0.4	0.0	0.0	1.9
Munich	-2.4	0.7	-0.4	0.0	0.0	-2.1
EE Tallinn	1.1	2.6	3.5	0.0	0.0	7.4
EL Athens	-1.3	1.0	1.0	0.0	0.0	0.7
ES Madrid	1.3	1.3	0.8	0.0	0.0	3.3
FR Paris	-1.0	0.5	1.2	0.0	0.0	0.7
IE Dublin	-2.6	2.5	6.9	0.0	0.0	6.6
IT Rome	2.4	-0.2	0.1	0.0	0.0	2.4
Varese	3.0	0.6	0.1	0.0	-0.2	3.5
CY Nicosia	1.0	0.7	0.3	0.0	0.0	2.1
LV Riga	1.0	2.9	5.4	0.0	0.0	9.5
LT Vilnius	1.7	2.5	4.3	0.0	0.0	8.8
HU Budapest	-0.5	-3.5	5.6	0.0	0.0	1.3
MT Valletta	0.8	1.8	-1.0	0.0	0.0	1.6
NL The Hague	0.5	0.1	0.3	0.0	0.0	0.9
AT Vienna	1.5	0.8	0.4	0.0	0.0	2.7
PL Warsaw	2.1	2.2	0.8	0.0	0.0	5.2
PT Lisbon	-0.7	-0.8	1.3	0.0	0.0	-0.2
RO Bucharest	1.4	9.1	4.0	0.0	0.0	15.1
SI Ljubljana	0.1	-0.6	1.6	0.0	0.0	1.1
SK Bratislava	-2.5	0.1	0.9	0.0	0.0	-1.6
FI Helsinki	0.8	0.8	-0.5	0.0	0.0	1.1
SE Stockholm	1.1	0.0	0.4	0.0	0.0	1.5
UK London	1.4	3.6	0.6	0.0	0.0	5.7
Culham	2.5	0.1	0.6	0.0	0.0	3.2

7.3.2. 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 (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 (314.9), Paris (187.6), Dublin (167.2) and Rome (166.0), whereas they are quite low in Nicosia (62.1), Valletta (66.7) and Sofia (77.6).

For the overall correction coefficient, however, the range is smaller: London (143.1), Copenhagen (139.4) compared to Vilnius (71.3) and Sofia (65.8).

When rents are added to the computation, the correction coefficient is increased by more than 10% in London (+30.5%), Budapest (+13.9%), Paris (+13.8%), Bucharest (+11.7%) and Prague (+11.4%). By contrast the impact is negative in Nicosia (-7.3%), Valletta (-5.3%), Karlsruhe (-4.3%) and Bonn (-3.3%) and is near zero in Lisbon (+0.3%).

More details on the effect of rent on the 2007 correction coefficients are given in table 3.5.

Table 3.5
Effect of rent on the correction coefficients - 2007
(for staff)

Place of employment	Weight		Correction coefficient			Rent effect
	Without rent	Rent	Without rent	Rent	Overall	[5]/[3] (%)
	[1]	[2]	[3]	[4]	[5]	[6]
BG Sofia	809.9	190.1	63.4	77.6	65.8	3.7
CZ Prague	746.4	253.5	72.9	119.4	81.2	11.4
DK Copenhagen	753.3	246.7	134.4	158.9	139.4	3.8
DE Berlin	802.0	198.0	100.4	95.1	99.3	-1.1
Bonn	802.0	198.0	101.7	85.3	98.3	-3.3
Karlsruhe	802.0	198.0	101.3	80.5	96.9	-4.3
Munich	802.0	198.0	103.7	119.8	106.6	2.8
EE Tallinn	793.0	207.0	75.3	99.9	79.6	5.7
EL Athens	778.0	222.0	92.3	107.7	95.3	3.3
ES Madrid	794.3	205.7	92.6	139.7	100.4	8.4
FR Paris	767.5	232.5	103.2	187.6	117.4	13.8
IE Dublin	814.7	185.3	113.1	167.2	121.8	7.7
IT Rome	835.5	164.5	100.9	166.0	110.6	9.6
Varese	869.1	130.9	102.0	82.7	98.6	-3.3
CY Nicosia	842.9	157.1	97.0	62.1	89.9	-7.3
LV Riga	767.6	232.4	72.3	112.9	79.3	9.7
LT Vilnius	774.0	226.0	65.4	100.5	71.3	9.2
HU Budapest	726.3	273.7	78.9	138.7	89.8	13.9
MT Valletta	819.1	180.9	89.6	66.7	84.8	-5.3
NL The Hague	806.5	193.5	102.4	158.0	111.5	8.9
AT Vienna	766.1	233.9	103.0	127.6	107.8	4.7
PL Warsaw	773.9	226.1	74.0	112.9	80.7	9.1
PT Lisbon	813.9	186.1	91.9	93.6	92.2	0.3
RO Bucharest	713.9	286.1	68.3	111.7	76.3	11.7
SI Ljubljana	763.2	236.8	82.3	114.6	88.3	7.3
SK Bratislava	781.1	218.9	74.7	114.0	81.3	8.8
FI Helsinki	759.4	240.6	113.2	136.3	117.8	4.1
SE Stockholm	749.2	250.8	110.9	140.9	117.0	5.4
UK London	691.6	308.4	109.7	314.9	143.1	30.5
Culham	764.5	235.5	107.3	154.5	115.9	8.1

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

8.1. Economic parities and correction coefficients for pensioners

The correction coefficients for pensioners with a reference date of 1 July 2007 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:

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).

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.

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.

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.

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 2006 and 2007.

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
1.07.2007
(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	1.2402	96.6	19.034	87.1	9.298	66.9	0.938	96.9	12.129	90.1	0.874	90.9	0.914
2	26.4	25.4	1.4631	25.1	31.178	22.7	9.569	22.4	0.993	25.2	15.836	23.5	1.107	23.7	0.886
3	75.8	77.3	1.0286	76.6	23.540	69.1	7.347	76.6	0.934	76.9	13.669	71.5	0.967	72.1	0.952
4	176.3	109.2	0.7195	117.0	20.335	203.9	10.837	187.1	1.050	114.0	13.704	176.0	0.905	169.0	0.975
5	119.5	128.2	0.9706	127.1	19.927	114.6	9.055	130.4	0.912	127.5	9.379	118.6	0.916	119.6	0.982
6	36.1	34.0	1.0789	33.7	18.218	30.4	8.320	32.0	1.087	33.8	11.720	31.5	0.804	31.7	0.757
7	164.0	192.3	1.5056	190.6	23.040	171.9	12.469	163.8	1.082	191.3	12.275	177.9	0.950	179.4	1.024
8	17.2	18.9	2.0706	18.7	30.503	16.9	6.319	16.4	0.970	18.8	10.967	17.5	1.015	17.6	1.014
9	118.2	149.2	1.5129	147.9	25.031	133.4	10.380	149.8	1.048	148.4	14.091	138.0	1.055	139.2	0.994
10	9.4	10.7	0.2417	10.6	10.326	9.6	9.783	1.2	1.557	10.7	4.197	9.9	0.621	10.0	0.746
11	74.8	71.1	1.0118	70.4	21.340	63.5	11.899	68.0	0.940	70.7	11.808	65.7	0.976	66.3	0.987
12	83.3	86.3	1.2274	85.5	17.540	77.1	9.304	85.5	0.888	85.8	11.431	79.8	0.852	80.5	0.930
Rents	132.4	62.0	0.7910	70.2	23.782	161.7	10.747	136.5	1.034	67.0	16.991	132.3	1.042	124.9	1.063
Total without rents	867.6	938.0	1.1780	929.8	21.183	838.3	9.957	863.5	0.991	933.0	11.728	867.7	0.918	875.1	0.950
Global parity	1000.0	1000.0	1.1350	1000.0	21.376	1000.0	10.071	1000.0	0.997	1000.0	12.152	1000.0	0.933	1000.0	0.964

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	0.990	85.9	1.088	95.5	1.018	69.0	0.61872	99.8	0.55317	106.3	2.43176	103.7	198.27
2	26.4	20.4	0.961	22.4	1.665	17.4	1.046	23.1	0.92017	26.0	0.66186	19.3	3.32230	22.4	259.53
3	75.8	57.6	0.918	68.2	0.855	71.8	1.011	79.0	0.47982	79.2	0.52703	79.9	2.42254	63.3	193.79
4	176.3	194.9	1.259	214.5	1.422	212.4	1.239	161.9	0.39571	87.4	0.56810	123.0	2.24160	116.1	171.62
5	119.5	118.4	1.041	113.1	0.950	102.1	1.023	134.5	0.51089	131.4	0.40865	113.7	1.79552	130.0	151.38
6	36.1	18.9	1.002	30.0	1.192	45.5	1.223	33.0	0.56211	34.8	0.48419	50.6	2.31437	20.7	197.73
7	164.0	177.0	1.058	169.6	1.249	193.4	1.056	168.9	0.63872	197.0	0.55194	215.3	2.61172	194.3	234.18
8	17.2	19.4	0.991	16.7	1.111	14.6	0.822	16.9	0.27913	19.4	0.54868	16.3	1.73920	21.3	203.29
9	118.2	131.8	1.055	131.6	1.183	119.8	1.061	154.4	0.65472	152.9	0.58501	133.4	2.60384	144.7	215.57
10	9.4	14.9	0.936	9.4	1.146	4.7	0.988	1.2	0.44309	11.0	0.16152	5.2	0.72569	16.4	90.41
11	74.8	71.7	1.073	62.7	1.358	41.4	1.033	70.1	0.57052	72.8	0.53170	46.1	2.32105	78.8	202.97
12	83.3	80.5	1.126	76.1	1.080	81.6	0.970	88.1	0.47297	88.4	0.47440	90.8	2.43697	88.4	174.04
Rents	132.4	148.8	1.366	172.8	1.527	144.2	1.408	109.7	0.38980	39.0	0.79481	47.1	2.52610	65.4	194.05
Total without rents	867.6	851.2	1.032	827.2	1.128	855.8	1.026	890.3	0.56005	961.0	0.50373	952.9	2.33290	934.6	192.37
Global parity	1000.0	1000.0	1.073	1000.0	1.180	1000.0	1.071	1000.0	0.53675	1000.0	0.52323	1000.0	2.34260	1000.0	192.14

* For explanation of codes see table 3.1

Table 4.1 (Continuation)
Economic parities of the 12 main expenditure groups for each duty station
1.07.2007
(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	0.3428	88.7	0.87	87.9	0.99859	97.8	2.500	90.5	0.850	97.3	2.2808	91.1	0.8545
2	26.4	25.1	0.5393	23.1	1.04	22.9	0.98507	25.5	4.679	23.6	0.980	25.3	3.1677	23.7	0.9327
3	75.8	76.5	0.3663	70.4	0.85	69.7	1.01637	77.6	2.398	71.8	0.705	77.2	1.9206	72.3	0.9042
4	176.3	118.3	0.2862	188.6	1.12	196.2	1.26204	105.4	2.251	172.5	0.780	110.4	1.4932	167.1	0.8430
5	119.5	126.9	0.3395	116.8	0.94	115.7	0.99123	128.8	2.520	119.1	0.871	128.1	1.7563	119.9	0.7121
6	36.1	33.7	0.3980	31.0	1.07	30.7	1.02847	34.1	2.248	31.6	0.955	34.0	1.9461	31.8	0.7916
7	164.0	190.3	0.4856	175.2	1.18	173.5	1.08431	193.1	3.310	178.6	1.176	192.0	2.9863	179.8	0.8699
8	17.2	18.7	0.4650	17.2	0.91	17.1	0.98081	19.0	3.501	17.6	0.948	18.9	2.4510	17.7	0.6622
9	118.2	147.7	0.4421	135.9	1.03	134.7	1.03447	149.9	3.315	138.6	0.982	149.0	3.0210	139.5	0.9740
10	9.4	10.6	0.2242	9.8	0.92	9.7	1.02490	10.8	1.208	10.0	0.943	10.7	0.7856	10.0	0.6374
11	74.8	70.3	0.3171	64.7	1.11	64.1	1.01791	71.4	2.896	66.0	0.841	71.0	2.2686	66.4	0.7526
12	83.3	85.4	0.3468	78.6	1.02	77.8	1.08011	86.6	2.699	80.1	0.911	86.1	2.4103	80.7	0.8688
Rents	132.4	71.6	0.3110	145.6	1.10	153.5	1.31800	58.0	2.136	128.6	0.783	63.3	1.6150	122.9	0.9218
Total without rents	867.6	928.4	0.3815	854.4	1.02	846.5	1.03500	942.0	2.837	871.4	0.926	936.7	2.3100	877.1	0.8297
Global parity	1000.0	1000.0	0.3736	1000.0	1.03	1000.0	1.07200	1000.0	2.762	1000.0	0.906	1000.0	2.2330	1000.0	0.8405

Expenditure Groups*	BE	SK		FI		SE		UK	
	Weight	Weight	Parity	Weight	Parity	Weight	Parity	Weight	Parity
1	99.0	97.9	26.777	88.7	1.067	88.0	9.980	83.1	0.655
2	26.4	25.5	36.140	23.1	1.374	22.9	13.066	21.6	1.026
3	75.8	77.7	28.032	70.4	1.052	69.8	9.647	65.9	0.510
4	176.3	105.0	21.518	188.5	1.112	195.1	11.719	240.3	1.160
5	119.5	128.8	18.945	116.8	1.069	115.9	9.524	109.4	0.745
6	36.1	34.2	24.923	31.0	1.205	30.7	9.172	29.0	0.701
7	164.0	193.2	28.705	175.2	1.274	173.8	10.729	164.0	0.777
8	17.2	19.0	34.259	17.2	0.775	17.1	6.090	16.1	0.593
9	118.2	149.9	29.756	135.9	1.216	134.8	10.657	127.3	0.740
10	9.4	10.8	8.842	9.8	1.064	9.7	10.029	9.1	0.870
11	74.8	71.4	25.600	64.7	1.194	64.2	11.133	60.6	0.914
12	83.3	86.7	26.984	78.6	1.135	77.9	10.852	73.6	0.760
Rents	132.4	57.6	23.058	145.5	1.126	152.4	11.751	200.1	1.357
Total without rents	867.6	942.4	25.637	854.5	1.149	847.6	10.318	799.9	0.727
Global parity	1000.0	1000.0	25.315	1000.0	1.146	1000.0	10.509	1000.0	0.805

* For explanation of codes see table 3.1

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

Country	Ratio applied in		Diff.
	2007	2006	
BE	0.92	0.92	0.00
BG *	0.48	0.57	-0.09
CZ	0.64	0.63	0.01
DK	1.09	1.09	0.00
DE	1.00	1.00	0.00
EE	1.00	1.00	0.00
EL	0.89	0.89	0.00
ES	0.70	0.70	0.00
FR	0.67	0.67	0.00
IE	0.84	0.84	0.00
IT	0.78	0.78	0.00
CY	0.99	0.99	0.00
LV	0.93	0.88	0.05
LT	0.67	0.62	0.05
HU	0.52	0.50	0.02
MT	1.00	1.00	0.00
NL*	0.64	0.74	-0.10
AT	0.95	0.93	0.02
PL	0.46	0.43	0.03
PT	0.77	0.77	0.00
RO *	0.42	0.42	0.00
SI	0.74	0.74	0.00
SK	0.55	0.55	0.00
FI	0.76	0.75	0.01
SE	0.83	0.82	0.01
UK	0.59	0.59	0.00

* Country PPP rent (estimated from ECP data)

8.2. 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 2007
Decomposition of the effects
(for pensioners)

Country	Introduction of new surveys			Price updating effect	Total change*
	Services	Furniture, Health	Rent		
BG	-5.5	-2.5	-0.7	4.7	-4.0
CZ	-3.2	-2.1	0.0	0.2	-5.1
DK	1.0	0.5	0.3	0.2	2.0
DE	-0.7	-2.2	0.1	0.8	-2.0
EE	-7.2	-1.2	0.8	4.3	-3.3
EL	0.4	0.1	0.1	1.1	1.7
ES	-1.8	-0.5	0.5	0.7	-1.1
FR	-0.7	0.8	0.2	0.1	0.4
IE	1.7	0.2	0.9	-0.2	2.7
IT	-1.8	0.0	0.4	0.7	-0.7
CY	-0.8	-1.0	0.3	-0.2	-1.7
LV	-6.3	-1.7	1.5	7.1	0.7
LT	-9.0	-3.4	1.4	3.3	-7.6
HU	1.8	-1.8	0.6	4.6	5.3
MT	-2.8	-1.6	0.2	-1.2	-5.5
NL	1.8	0.3	-0.9	0.5	1.7
AT	1.7	-1.4	0.8	0.0	1.1
PL	-3.2	-2.2	1.0	-0.1	-4.4
PT	0.4	-0.2	0.0	0.7	0.9
RO	7.0	-1.3	0.5	1.3	7.4
SI	-0.9	-1.0	0.2	1.9	0.1
SK	-12.0	-2.7	-1.2	-0.7	-16.5
FI	1.8	-0.1	0.3	0.1	2.0
SE	2.0	0.7	0.4	0.2	3.3
UK	-1.2	0.2	1.0	0.8	0.8

* Values may differ slightly from Table 6 due to rounding

Table 4.4
Effect of rent on the correction coefficients - 2007
(for pensioners)

Country	Weight		Correction coefficient			Rent effect
	Without rent	Rent	Without rent	Rent	Overall	[5]/[3] (%)
	[1]	[2]	[3]	[4]	[5]	[6]
BG	938.0	62.0	60.2	40.4	58.0	-3.7
CZ	929.8	70.2	74.0	83.1	74.7	0.9
DK	838.3	161.7	133.8	144.4	135.3	1.1
DE	863.5	136.5	99.1	103.4	99.7	0.6
EE	933.0	67.0	75.0	108.6	77.7	3.6
EL	867.7	132.3	91.8	104.2	93.3	1.6
ES	875.1	124.9	95.0	106.3	96.4	1.5
FR	851.2	148.8	103.2	136.6	107.3	4.0
IE	827.2	172.8	112.8	152.7	118.0	4.6
IT	855.8	144.2	102.6	140.8	107.1	4.4
CY	890.3	109.7	95.9	66.8	92.0	-4.2
LV	961.0	39.0	72.4	114.2	75.2	3.9
LT	952.9	47.1	67.6	73.2	67.8	0.4
HU	934.6	65.4	77.7	78.4	77.7	-0.1
MT	928.4	71.6	88.9	72.5	87.0	-2.1
NL	854.4	145.6	102.0	109.9	103.0	1.0
AT	846.5	153.5	103.5	131.8	107.2	3.6
PL	942.0	58.0	75.0	56.5	73.0	-2.6
PT	871.4	128.6	92.6	78.3	90.6	-2.2
RO	936.7	63.3	72.9	51.0	70.5	-3.3
SI	877.1	122.9	83.0	92.2	84.1	1.3
SK	942.4	57.6	75.8	68.2	74.8	-1.3
FI	854.5	145.5	114.9	112.6	114.6	-0.3
SE	847.6	152.4	111.6	127.2	113.7	1.9
UK	799.9	200.1	108.2	201.9	119.8	10.7

In 2007, for 11 countries out of 25, 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 25 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.

8.3. 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 United Kingdom, Hungary and France. In Austria and Germany the two CCs are nearly at the same level. In all countries except Germany, Cyprus and Malta the country CCs are 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 calculations.

Table 4.5
Pensioners correction coefficients and Staff correction coefficients

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	60.2	40.4	58.0	Sofia	63.4	77.6	65.8
CZ	74.0	83.1	74.7	Prague	72.9	119.4	81.2
DK	133.8	144.4	135.3	Copenhagen	134.4	158.9	139.4
DE	99.1	103.4	99.7	Berlin	100.4	95.1	99.3
EE	75.0	108.6	77.7	Tallinn	75.3	99.9	79.6
EL	91.8	104.2	93.3	Athens	92.3	107.7	95.3
ES	95.0	106.3	96.4	Madrid	92.6	139.7	100.4
FR	103.2	136.6	107.3	Paris	103.2	187.6	117.4
IE	112.8	152.7	118.0	Dublin	113.1	167.2	121.8
IT	102.6	140.8	107.1	Rome	100.9	166.0	110.6
CY	95.9	66.8	92.0	Nicosia	97.0	62.1	89.9
LV	72.4	114.2	75.2	Riga	72.3	112.9	79.3
LT	67.6	73.2	67.8	Vilnius	65.4	100.5	71.3
HU	77.7	78.4	77.7	Budapest	78.9	138.7	89.8
MT	88.9	72.5	87.0	Vallette	89.6	66.7	84.8
NL	102.0	109.9	103.0	The Hague	102.4	158.0	111.5
AT	103.5	131.8	107.2	Vienna	103.0	127.6	107.8
PL	75.0	56.5	73.0	Warsaw	74.0	112.9	80.7
PT	92.6	78.3	90.6	Lisbon	91.9	93.6	92.2
RO	72.9	51.0	70.5	Bucharest	68.3	111.7	76.3
SI	83.0	92.2	84.1	Ljubljana	82.3	114.6	88.3
SK	75.8	68.2	74.8	Bratislava	74.7	114.0	81.3
FI	114.9	112.6	114.6	Helsinki	113.2	136.3	117.8
SE	111.6	127.2	113.7	Stockholm	110.9	140.9	117.0
UK	108.2	201.9	119.8	London	109.7	314.9	143.1

9. 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 2007 has been compared with that in July 2006.

Table 5.1
Statutory or contractual weekly working hours in central governments

Country	Weekly working hours		Remarks
	July 2006	July 2007	
BE	38	38	
DE	40	41	40 for vulnerable groups
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 2006	July 2007	
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 <u>personal convenience</u>
FR	25	25	2 days bonus maximum
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. Depends on age and grade

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

Country	Number of days		Remarks
	July 2006	July 2007	
BE	13	13	Time off when the public holiday falls on Saturday or Sunday
DE	7	7	9 in Berlin
ES	14	14	Time off when the public holiday falls on Sunday
FR	10	10	
IT	11	11	
LU	14	14	Time off when the public holiday falls on Sunday
NL	7-8	7	
UK	10,5	10,5	Time off when the public holiday falls on Saturday or Sunday

Information collected about retirement age in central government (situation at July 2007) 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	65-70	60-64	Early retirement: at least 30 years of service
FR	60	51-55	
IT	65-67	54-58	Variations of retirement depending on sex
LU			
NL	65	60	
UK	60	50	SCS from age 65