

COMMON POSITION (EC) No 19/2003**adopted by the Council on 6 March 2003****with a view to adopting Regulation (EC) No .../2003 of the European Parliament and of the Council on Community statistics on income and living conditions (EU-SILC)**

(2003/C 107 E/03)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposals from the Commission ⁽¹⁾,

Having regard to the Opinion of the European Economic and Social Committee ⁽²⁾,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽³⁾,

Whereas:

(1) In order to carry out the tasks assigned to it, particularly after the Lisbon, Nice, Stockholm and Laeken European Council meetings held in March 2000, December 2000, March 2001 and December 2001 respectively, the Commission should be kept informed of income distribution and of the level and composition of poverty and social exclusion in the Member States.

(2) The new open method of coordination in the field of social inclusion as well as the structural indicators to be produced for the annual synthesis report increase the need for comparable and timely cross-sectional and longitudinal data on income distribution and on the level and composition of poverty and social exclusion for establishing reliable and relevant comparisons between the Member States.

(3) Decision No 50/2002/EC of the European Parliament and of the Council of 7 December 2001 establishing a programme of Community action to encourage cooperation between Member States to combat social exclusion ⁽⁴⁾ has established, under Action 1.2 of Strand 1 concerning the 'analysis of social exclusion', the necessary conditions in relation to the funding of

measures concerning the collection and dissemination of comparable statistics and in particular supporting the improvement of surveys and analysis of poverty and social exclusion.

(4) The best method of assessing the situation as regards income, poverty and social exclusion is to compile Community statistics using harmonised methods and definitions. Some Member States may require additional time to adapt their systems to these harmonised methods and definitions.

(5) To reflect changes taking place in the distribution of income and in the level and composition of poverty and social exclusion, the statistics need to be updated annually.

(6) To investigate major issues of social concern, especially new issues requiring specific research, the Commission needs cross-sectional and longitudinal micro-data at household and personal level.

(7) Priority should be given to the production of timely and comparable annual cross-sectional data on income, poverty and social exclusion.

(8) Flexibility in terms of data sources, in particular the use of existing national data sources, whether they be surveys or registers, and national sample designs should be encouraged and the integration of the new source(s) into established national statistical systems should be promoted.

(9) Commission Regulation (EC) No 831/2002 of 17 May 2002 implementing Council Regulation (EC) No 322/97 on Community statistics, concerning access to confidential data for scientific purposes ⁽⁵⁾ has established, for the purpose of enabling statistical conclusions to be drawn for scientific purposes, the conditions pursuant to which access to confidential data transmitted to the Community authority may be granted.

⁽¹⁾ OJ C 103 E, 30.4.2002, p. 198, and amended proposal of 15 November 2002 (not yet published in the Official Journal).

⁽²⁾ OJ C 149, 21.6.2002, p. 24.

⁽³⁾ Opinion of the European Parliament of 14 May 2002 (not yet published in the Official Journal), Council Common Position of 6 March 2003 and Decision of the European Parliament of ... (not yet published in the Official Journal).

⁽⁴⁾ OJ L 10, 12.1.2002, p. 1.

⁽⁵⁾ OJ L 133, 18.5.2002, p. 7.

- (10) The production of specific Community statistics is governed by the rules set out in Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics ⁽¹⁾.
- (11) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽²⁾.
- (12) The Statistical Programme Committee (SPC) has been consulted in accordance with Article 3 of Council Decision 89/382/EEC/Euratom ⁽³⁾,

HAVE ADOPTED THIS REGULATION:

Article 1

Aim

The aim of this Regulation shall be to establish a common framework for the systematic production of Community Statistics on Income and Living Conditions (hereinafter referred to as 'EU-SILC'), encompassing comparable and timely cross-sectional and longitudinal data on income and on the level and composition of poverty and social exclusion at national and European levels.

Comparability of data between Member States shall be a fundamental objective and shall be pursued through the development of methodological studies from the outset of EU-SILC data collection, carried out in close cooperation between the Member States and Eurostat.

Article 2

Definitions

For the purpose of this Regulation, the following definitions shall apply:

- (a) 'Community statistics' shall have the meaning assigned to it in Article 2 of Regulation (EC) No 322/97,
- (b) 'production of statistics' shall have the meaning assigned to it in Article 2 of Regulation (EC) No 322/97,
- (c) 'year of survey': means the year in which the survey-data collection, or most of the collection, is carried out,
- (d) 'fieldwork period': means the period of time in which the survey component is collected,

- (e) 'reference period': means the period of time to which a particular item of information relates,
- (f) 'private household': means a person living alone or a group of people who live together in the same private dwelling and share expenditures, including the joint provision of the essentials of living,
- (g) 'cross-sectional data': means the data pertaining to a given time or a certain time period. Cross-sectional data may be extracted either from a cross-sectional sample survey with or without a rotational sample or from a pure panel sample survey (on condition that cross-sectional representativeness is guaranteed); such data may be combined with register data (data on persons, households or dwellings compiled from a unit-level administrative or statistical register),
- (h) 'longitudinal data': means the data pertaining to individual-level changes over time, observed periodically over a certain duration. Longitudinal data may come either from a cross-sectional survey with a rotational sample where individuals once selected are followed up or from a pure panel survey; it may be combined with register data,
- (i) 'sample persons': means the persons selected to constitute the sample in the first wave of a longitudinal panel. They may comprise all members of an initial sample of households, or a representative sample of individuals in a survey of persons,
- (j) 'target primary areas': means the subject areas for which data are to be collected on an annual basis,
- (k) 'target secondary areas': means the subject areas for which data are to be collected every four years or less frequently,
- (l) 'gross income': means the total monetary and non-monetary income received by the household over a specified 'income reference period', before deduction of income tax, regular taxes on wealth, employees', self-employed and unemployed (if applicable) persons' compulsory social insurance contributions and employers' social insurance contributions, but after including inter-household transfers received,
- (m) 'disposable income': means gross income less income tax, regular taxes on wealth, employees', self-employed and unemployed (if applicable) persons' compulsory social insurance contributions, employers' social insurance contributions and inter-household transfers paid.

⁽¹⁾ OJ L 52, 22.2.1997, p. 1.

⁽²⁾ OJ L 184, 17.7.1999, p. 23.

⁽³⁾ OJ L 181, 28.6.1989, p. 47.

*Article 3***Scope**

The EU-SILC shall cover cross-sectional data on income, poverty, social exclusion and other living conditions as well as longitudinal data restricted to income, labour and a limited number of non-monetary indicators of social exclusion.

*Article 4***Time reference**

1. The cross-sectional and longitudinal data shall be produced annually as from 2004. In any given Member State, the timing of collection shall be kept the same from one year to the next as far as possible.

2. By way of exception to paragraph 1, Germany, the Netherlands and the United Kingdom may start the annual cross-sectional and longitudinal data collection in 2005. This will be the case provided that those Member States supply comparable data for the year 2004 for the cross-sectional common European Union indicators, which have been adopted by the Council before 1 January 2003 in the context of the open method of coordination and which can be derived on the basis of the EU-SILC instrument.

3. The income reference period shall be a twelve-month period. This may be a fixed twelve-month period (such as the previous calendar or tax year) or a moving twelve-month period (such as the twelve months preceding the interview) or be based on a comparable measure.

4. If a fixed income reference period is used, fieldwork for the survey component shall be carried out over a limited period as close as possible to the income reference period or to the tax declaration period so as to minimise time lag between income and current variables.

*Article 5***Characteristics of the data**

1. In order to permit multi-dimensional analysis at the level of households and persons and in particular investigation of major issues of social concern that are new and require specific research, all household and individual data shall be linkable in the cross-sectional component.

Similarly, all household and personal data shall be linkable in the longitudinal component.

Longitudinal micro-data do not need to be linkable with cross-sectional micro-data.

The longitudinal component shall cover at least four years.

2. In order to reduce response burdens, to help in income imputation procedures and to test data quality, the national authorities shall have access to relevant administrative data sources in accordance with Regulation (EC) No 322/97.

*Article 6***Data required**

1. The target primary areas and corresponding reference periods to be covered by the cross-sectional and the longitudinal components are laid down in Annex I.

2. Target secondary areas shall be included every year starting from 2005 only in the cross-sectional component. They shall be defined in accordance with the procedure referred to in Article 14(2). One secondary area shall be covered each year.

*Article 7***Collection unit**

1. The reference population for the EU-SILC shall be all private households and their current members residing in the territory of the Member State at the time of the data collection.

2. The main information collected shall pertain to

(a) private households, including data on household size, composition and basic characteristics of its current members; and

(b) persons aged sixteen and over.

3. The collection unit, together with the mode of collection for household and personal information, shall be as laid down in Annex I.

*Article 8***Sampling and tracing rules**

1. Cross-sectional and longitudinal data shall be based on nationally representative probability samples.

2. By way of exception to paragraph 1, Germany shall supply cross-sectional data based on a nationally representative probability sample for the first time for the year 2008. For the year 2005, Germany shall supply data of which 25 per cent shall be based on probability sampling and 75 per cent shall be based on quota samples, the latter to be progressively replaced by random selection so as to achieve fully representative probability sampling by 2008.

For the longitudinal component, Germany shall supply for the year 2006 one third of longitudinal data (data for years 2005 and 2006) based on probability sampling and two thirds based on quota samples. For the year 2007, half of the longitudinal data relating to years 2005, 2006 and 2007 shall be based on probability sampling and half on quota samples. After 2007 all longitudinal data shall be based on probability sampling.

3. In the longitudinal component, individuals included in the initial sample, that is to say, sample persons, shall be followed over the duration of the panel. Every sample person who has moved to a private household within the national boundaries shall be followed up to the new location in accordance with tracing rules and procedures to be defined under the procedure referred to in Article 14(2).

Article 9

Sample sizes

1. On the basis of various statistical and practical considerations and the precision requirements for the most critical variables, the minimum effective sample sizes to be achieved shall be as set out in the table in Annex II.

2. Sample size for the longitudinal component refers, for any pair of consecutive years, to the number of households successfully interviewed in the first year in which all or at least a majority of the household members aged 16 or over are successfully interviewed in both the years.

3. Member States using registers for income and other data may use a sample of persons rather than a sample of complete households in the interview survey. The minimum effective sample size in terms of the number of persons aged 16 or over to be interviewed in detail shall be taken as 75 % of the figures shown in columns 3 and 4 of the table in Annex II, for the cross-sectional and longitudinal components respectively.

Information on income and other data shall also be collected for the household of each selected respondent and for all its members.

Article 10

Transmission of data

1. Member States shall transmit to the Commission (Eurostat) in the form of micro-data files weighted cross-sectional and longitudinal data which has been fully checked, edited and imputed in relation to income.

Member States shall transmit the data in electronic form, in conformity with an appropriate technical format to be adopted in accordance with the procedure referred to in Article 14(2).

2. Regarding the cross-sectional component, Member States shall transmit the micro-data files relating to year of survey N to the Commission (Eurostat), preferably within eleven months after the end of the data collection. The extreme deadline for the transmission of micro-data to Eurostat shall be 30 November (N+1) for Member States where data are collected at the end of year N or through a continuous survey or through registers and 1 October (N+1) for other Member States.

Together with the micro-data files, Member States shall transmit social cohesion indicators based on the cross-sectional sample of year N which will be included in the annual Spring report of year (N+2) to the European Council.

The dates of transmission of data also apply for the transmission of comparable data for cross-sectional common EU indicators for those Member States which start annual collection of data after 2004 in accordance with Article 4(2).

3. As for the longitudinal component, Member States shall transmit the micro-data files up to year N to the Commission (Eurostat) preferably within fifteen months after the end of the fieldwork. The mandatory deadline for the transmission of micro-data to Eurostat shall be the end of March (N+2), each year starting from the second year of EU-SILC.

The first transmission of data, covering longitudinally linked data for:

— the survey years 2004 and 2005, in the case of Member States starting annual data collection in 2004, shall take place by the end of March 2007; and

— the survey years 2005 and 2006, in the case of Member States starting annual data collection in 2005, shall take place by the end of March 2008.

The next transmission shall cover the first three survey years 2004-2006 (2005-2007) and shall take place respectively by the end of March 2008 and 2009.

Thereafter, each year longitudinal data shall be provided covering the preceding four survey years (revised from previous releases as necessary).

Article 11

Publication

For the cross-sectional component, the Commission (Eurostat) shall publish an annual cross-sectional report at Community level by the end of June N+2, based on the data collected during year N.

For those Member States which start annual data collection after 2004 in accordance with Article 4(2) the cross-sectional report for 2004 shall include the common cross-sectional EU indicators.

As from 2006, the cross-sectional report shall include the available results of methodological studies referred to in Article 16.

Article 12

Access for scientific purposes to EU-SILC confidential data

1. The Community authority (Eurostat) may grant access on its premises to confidential data or release sets of anonymised micro-data from the EU-SILC source, for scientific purposes and under the conditions laid down in Regulation (EC) No 831/2002.

2. For the cross-sectional component, micro-data files at Community level for data collected during year N shall be made available for scientific purposes by the end of February N+2.

3. For the longitudinal component, micro-data files at Community level for data collected up to year N shall be made available for scientific purposes by the end of July N+2.

The first issue of longitudinal micro-data files for those Member States which start data collection in 2004 shall cover the years 2004 and 2005 and shall take place at the end of July 2007.

The second issue in July 2008 shall cover the years 2004-2006, for those Member States which start the data collection in 2004, and the years 2005 and 2006, for those Member States which start data collection in 2005.

The third issue in July 2009 shall cover the years 2004-2007, for those Member States which start the data collection in

2004, and the years 2005-2007 for those Member States which start data collection in 2005.

Thereafter, each July release shall cover longitudinal data at Community level for the four most recent years for which data are available.

4. Reports produced by the Scientific Community based on cross-sectional micro-data files for data collected during year N shall not be disseminated before July N+2.

Reports produced by the Scientific Community based on longitudinal micro-data files in relation to the year of the survey N shall not be disseminated before July N+3.

Article 13

Financing

1. For the first four years of data collection in each Member State, that Member State shall receive a financial contribution from the Community towards the cost of the work involved.

2. The amount of the appropriations allocated annually for the financial contribution referred to in paragraph 1 shall be fixed as part of the annual budgetary procedures.

3. The budget authority shall grant the appropriations available for each year.

Article 14

Committee

1. The Commission shall be assisted by the Statistical Programme Committee, set up by Decision 89/382/EEC/Euratom.

2. Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at 3 months.

3. The Committee shall adopt its rules of procedure.

Article 15

Implementing measures

1. The measures necessary for the implementation of this Regulation, including measures to take account of economic and technical changes, shall be taken, at least twelve months before the beginning of the year of the survey, in accordance with the procedure referred to in Article 14(2).

2. Such measures shall concern:

- (a) the definition of the list of target primary variables to be included in each area for the cross-sectional component and the list of target variables included in the longitudinal component, including the specification of variable codes and the technical format of transmission to Eurostat;
- (b) the detailed content of both intermediate and final quality reports;
- (c) the definitions and the updating of the definitions, in particular the bringing into operation of the income definitions given in points (l) and (m) of Article 2 (including the timetable for the inclusion of the various components);
- (d) the sampling aspects, including tracing rules;
- (e) the fieldwork aspects and the imputation procedures;
- (f) the list of target secondary areas and variables.

3. By way of exception, the measures, including those which take into account economic and technical changes, necessary for the implementation of this Regulation regarding the 2004 data collection, shall relate only to points (a) to (e) of paragraph 2 and shall be taken at least six months before the beginning of the year of the survey.

4. In each Member State the total duration of the interview relating to the target primary and target secondary variables of the cross-sectional component, including household and individual interviews, shall not exceed one hour on average.

Article 16

Reports and studies

1. Member States shall produce by the end of the year N+1 an intermediate quality report relating to the common cross-sectional EU indicators based on the cross-sectional component of year N.

Member States shall produce by the end of year N+2, final quality reports that cover both cross-sectional and longitudinal components in relation to the year of the survey N, focusing on the internal accuracy. By way of exception, the 2004 report (for Member States starting data collection in 2004) and 2005 report (for Member States starting data collection in 2005) shall only cover the cross-sectional component.

Small departures from common definitions, such as those relating to private household definition and income reference period, shall be allowed, provided they affect comparability only marginally. The impact on comparability shall be reported in the quality reports.

2. The Commission (Eurostat) shall produce by the end of June N+2 a comparative intermediate quality report relating to the common cross-sectional EU indicators of year N.

The Commission (Eurostat) shall produce by 30 June N+3 a comparative final quality report that covers both cross-sectional and longitudinal components in relation to the year of the survey N. By way of exception, the 2004 report (for those Member States starting data collection in 2004) and the 2005 report (for those Member States starting data collection in 2005) shall cover only the cross-sectional component.

3. No later than 31 December 2007, the Commission will submit a report to the European Parliament and the Council on the work done under this Regulation.

4. The Commission (Eurostat) shall organise from 2004 methodological studies to estimate the impact on comparability of the national data sources used and to identify best practices to be followed. The results of these studies shall be included in the report referred to in paragraph 3.

Article 17

Entry into Force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...

For the European Parliament
The President

For the Council
The President

ANNEX I

PRIMARY AREAS COVERED IN THE CROSS-SECTIONAL COMPONENT AND AREAS COVERED IN THE LONGITUDINAL COMPONENT

1. Household information

Unit (Persons or households)	Mode of collection	Domains	Areas	Reference period	Cross-sectional (X) and/or longitudinal (L) area
Household	Information collected from a household member aged 16 or over or extracted from registers	BASIC DATA	Basic household data including degree of urbanisation	Current	X, L
		INCOME	Total household income (gross ⁽¹⁾ and disposable)	Income reference period	X, L
			Gross income components at household level	Income reference period	X, L
		SOCIAL EXCLUSION	Housing and non-housing related arrears	Last 12 months	X, L
			Non-monetary household deprivation indicators, including problems in making ends meet, extent of debt and enforced lack of basic necessities	Current	X, L
			Physical and social environment	Current	X
		LABOUR INFORMATION	Child care	Current	X
		HOUSING	Dwelling type, tenure status and housing conditions	Current	X, L
			Amenities in the dwelling	Current	X
			Housing costs	Current	X

2. Personal information

Unit (Persons or households)	Mode of collection	Domains	Areas	Reference period	Cross-sectional (X) and/or longitudinal (L) area
All persons aged under 16	Personal information collected from a household member aged 16 or over or extracted from registers	BASIC DATA	Demographic data	Current	X, L
Former Household Members			Demographic data	Income reference period	L

Unit (Persons or households)	Mode of collection	Domains	Areas	Reference period	Cross-sectional (X) and/or longitudinal (L) area
All persons aged 16 or over in the household	Personal information collected from all household members aged 16 or over (proxy as an exception for persons temporarily away or incapacitated) or extracted from registers	INCOME	Gross personal income, total and components at personal level	Income reference period	X, L
	Preferably by personal contact but proxy accepted as a normal procedure or extraction from registers	BASIC DATA	Basic personal data	Current	X, L
			Demographic data	Current	X, L
		EDUCATION	Education, including highest ISCED level attained	Current	X, L
		LABOUR INFORMATION	Basic labour information on current activity status and on current main job, including information on last main job for unemployed	Current	X, L
			Basic information on activity status during income reference period	Income reference period	X
			Total number of hours worked on current second/third . . . jobs	Current	X
At least one household member aged 16 or over (the selected respondent)	Personal information collected from individual(s) (proxy as an exception) or extraction from registers	HEALTH	Health, including health status and chronic illness or condition	Current	X, L
			Access to health care	Past 12 months	X
		LABOUR INFORMATION	Detailed labour information	Current	X, L
			Activity history	Working life	L
			Calendar of activities	Income reference period	L

(¹) Gross income components shall cover gross employee and self-employment income (monetary and non-monetary), gross employer's social insurance contributions, imputed rent, property income, gross current transfers received, other gross income and interest payments.

Non-monetary components of employee (with the exception of company cars that is to be calculated as from the first year of the survey) and self-employed income, imputed rent and interest payments shall be optional from the first year of the survey and compulsory from 2007. Gross employer's social insurance contributions shall only be included from 2007 if results of feasibility studies are positive.

Variables required for calculating imputed rent will be collected as from the first year of data collection for each Member State (2004 or 2005).

ANNEX II

MINIMUM EFFECTIVE SAMPLE SIZES

EU Member States	Households		Persons aged 16 or over to be interviewed	
	Cross-sectional	Longitudinal	Cross-sectional	Longitudinal
	1	2	3	4
Belgium	4 750	3 500	8 750	6 500
Denmark	4 250	3 250	7 250	5 500
Germany	8 250	6 000	14 500	10 500
Greece	4 750	3 500	10 000	7 250
Spain	6 500	5 000	16 000	12 250
France	7 250	5 500	13 500	10 250
Ireland	3 750	2 750	8 000	6 000
Italy	7 250	5 500	15 500	11 750
Luxembourg	3 250	2 500	6 500	5 000
Netherlands	5 000	3 750	8 750	6 500
Austria	4 500	3 250	8 750	6 250
Portugal	4 500	3 250	10 500	7 500
Finland	4 000	3 000	6 750	5 000
Sweden	4 500	3 500	7 500	5 750
United Kingdom	7 500	5 750	13 750	10 500
Total of EU Member States	80 000	60 000	156 000	116 500
Iceland	2 250	1 700	3 750	2 800
Norway	3 750	2 750	6 250	4 650
Total including Iceland and Norway	86 000	64 450	166 000	123 950

Note:

The reference is to the effective sample size which is the size required if the survey were based on simple random sampling (design effect in relation to the 'risk of poverty rate' variable = 1,0). The actual sample sizes will have to be larger to the extent that the design effects exceed 1,0 and to compensate for non-response of all kinds. Furthermore, the sample size refers to the number of valid households which are households for which, and for all members of which, all or nearly all the required information has been obtained.

STATEMENT OF THE COUNCIL'S REASONS

I. INTRODUCTION

1. On 13 December 2001, the Commission forwarded to the Council a proposal for a European Parliament and Council Regulation concerning community statistics on income and living conditions (EU-SILC).
2. The above proposal is based on Article 285 of the Treaty according to which the procedure of co-decision with the European Parliament prescribed in Article 251 of the Treaty applies.
3. The Economic and Social Committee adopted its Opinion on 24 April 2002.
4. The European Parliament adopted its amendments to the proposal on 14 May 2002.
5. On 15 November 2002, the Commission presented to the Council, pursuant to Article 250(2) of the EC Treaty, an amended proposal incorporating all amendments of the European Parliament.
6. On 6 March 2003, the Council adopted its common position pursuant to Article 251 of the Treaty.

II. OBJECTIVE OF THE PROPOSAL

The objective of the proposal is to establish a common framework for the production of Community statistics on Income and Living Conditions, so as to provide a reference source of comparative statistics on income distribution and social exclusion at EU level. Such a statistical reference source is needed to allow more effective pursuit of Community objectives of achieving improved living conditions and tackling social exclusion.

III. ANALYSIS OF THE COMMON POSITION

The Council's common position reflects closely the proposal of the Commission, the amendments put forward by the Parliament and the Commission's response to the Parliament's amendments in its amended proposal, while introducing a number of adjustments to meet the concerns of the Member States.

The changes introduced by the Council are as follows:

In Recital 1, the Council includes a full list of the European Councils whose outcomes reflect the need for data on poverty and social exclusion: Stockholm and Laeken are added.

In Recital 2, the European Parliament's first amendment is incorporated.

In Recital 11 and Article 14, paragraphs 2 and 3, the Council has changed the comitology procedure from management to regulatory procedure, as this is felt to be more appropriate to the type of measures to be adopted to implement the Regulation.

In Article 1, the Council has introduced an additional aim of ensuring comparability of data, to be pursued through methodological studies. This is felt to be necessary to ensure that the data collected give a sufficiently accurate comparative picture across the Union to enable better policy-making in the fields of poverty and social exclusion.

In Article 2(c), the Council has introduced the words '*survey-data collection*' to clarify the meaning of the definition.

In Article 2(f), the Council has deleted the second and third sub-paragraphs. The idea of small departures from the definition is introduced in **Article 16** on the quality reports instead. It is felt that the Article on definitions should stick closely to definitions, and departures can more appropriately be treated in the Article on the reports.

In Article 2(l), the Council has incorporated the Parliament's proposed amendment in the way suggested by the Commission in its amended proposal, using the phrase '*monetary and non-monetary income*', as well as the deductions for '*self-employed and unemployed*' persons, so as to give a complete picture of compulsory contributions. The Council has also clarified that in accordance with the recommendations of the Canberra Group Handbook, only '*inter-household transfers received*' should be used for the calculation. The concept of *imputed rent* and non-cash income from employment or self-employment proposed by the Parliament in its amendment is incorporated in the footnote to Annex 1, where the level of detail of variables is specified: this is felt to be a more appropriate place to treat this concept.

In Article 2(m), the Council has again introduced the contributions paid by the '*self-employed and unemployed*', in order to provide a full picture of compulsory contributions.

The Council has also clarified that, in accordance with Canberra Group Handbook, inter-household transfers paid have to be deducted from gross income to get disposable income.

In Article 3, the Council has deleted the words '*comparable and timely*', since these do not actually relate to scope and are covered in other Articles dealing with the data required and the timetable for transmission.

In Article 4(1), the Council has introduced the word '*produced*' in order to allow for the range of appropriate methods for Member States to compile or estimate the required data. The first year of production of data has been changed to 2004, reflecting the earliest realistic date for implementation of the Regulation. Dates throughout the Regulation have been adapted to reflect this change (such as those in Articles 6(2) and 15(3)).

In Article 4(2), the derogations for France and Italy are deleted, since they will be able to provide data from 2004. Germany, the Netherlands and the UK need a derogation until 2005 — the condition for this derogation to be granted is that they supply data for the cross-sectional indicators in the context of the open method of co-ordination. The wording of this paragraph has been amended to reflect the exact requirement for such data.

In Article 4(3), the possibility of basing data on a comparable measure is included in the first sub-paragraph, allowing deletion of the second sub-paragraph. The third sub-paragraph is also deleted, as this issue is fully covered in Article 16.

A new Article 8(2) has been introduced by the Council, allowing transition periods for Germany during which it moves to full use of probability sampling for both cross-sectional and longitudinal data. These transitional periods reflect the earliest possible implementation of the technical changes necessary to provide all data based fully on probability sampling.

In Article 9(3), the Council has specified that the detailed personal interview should only be conducted for '*persons aged 16 or over*'.

In Article 10(1), the Council has introduced a provision that the technical format for electronic transmission of data should be laid down by the comitology committee, not by the Commission, in order to ensure that Member States' technical capacities and preferences are respected.

In Article 10(2), the Council has extended deadlines for the transmission of data by one month, since the Commission's proposed deadlines were felt to be too demanding to be met by all Member States. The Council has deleted paragraph 2 since the Regulation no longer covers 2003. The Council has also introduced a reference to the countries with a derogation under Article 4(2), so as to be complete in coverage.

The dates in **Article 10(3)** are also adjusted to take account of the later implementation date of the Regulation and the derogations granted to certain Member States.

Article 11 is adjusted to take into account the arrangements for Member States with derogations under Article 4(2), and the performance of methodological studies as set out in Article 16 — the Council feels it will be important to include both these elements in reports to ensure full and consistent application of the Regulation over time.

Article 12(1) is adjusted to reproduce the wording of Regulation (EC) No 831/2002 of 17 May 2002 regarding access to data for scientific purposes — this Regulation was adopted during consideration of the proposed EU-SILC Regulation, and its wording gives a more precise indication of the applicable conditions for granting access to data.

The second sub-paragraph of **Article 12(2)** is deleted, since the Regulation no longer covers 2003.

In Article 12(3), dates are adjusted to take account of the later implementation date of the Regulation and the derogations granted to certain Member States.

A new Article 12(4) is added, specifying that reports based on cross-sectional micro-data for the year N should not be published before July of year N+2: this is necessary to ensure that scientific reports do not release the data before the publication of the Commission's cross-sectional report (under Article 11, this will be published by the end of June N+2). Scientific reports based on longitudinal data should not be published before July N+3, reflecting the additional year required to compile longitudinal comparative figures.

Article 13(1) has been amended to refer to 'the first four years of data collection in each country', so as to provide funding for four years to all Member States, including those whose derogations allow them to begin collecting data later than others.

Article 13(3) notes that the budget authority shall actually *grant* the available appropriations, rather than simply determine them.

Article 14, as noted above, is adjusted to establish a *regulatory procedure* instead of a management procedure.

In Article 15(1), the Council lays down a minimum period of twelve months, instead of nine, between the adoption of implementing measures and their application in the survey, so as to ensure that Member States have sufficient time to introduce the technical changes necessary.

Article 15(2)(b) is adjusted to refer to both *intermediate and final quality reports*, in line with the introduction of an *intermediate report* in **Article 16(1)**.

Article 15(2)(c) is amended to include initial *definitions* as well as updating of definitions, since the initial definitions should also be established by the committee.

Imputation procedures have been added to **Article 15(2)(e)** in line with the provision in **Article 4** that not all data need be collected through fieldwork — the committee should lay down the appropriate imputation procedures where these are to be used.

Articles 15 and 16 have also been re-ordered and divided into 4 paragraphs each to provide greater clarity — the wording of the new **Article 15(3)** reflects this.

The new Article 16(1) introduces a new first sub-paragraph establishing an intermediate quality report, to ensure appropriate progress is made to achieving high-quality comparable indicators. At this early stage, the report can only address cross-sectional indicators. The dates in the second sub-paragraph have been adjusted to be consistent with the revised timetable for implementation of the Regulation. A third sub-paragraph is introduced, dealing with *departures from common definitions* — this element had previously been included in the definitions in **Articles 2(f) and 4(3)**, but is more properly treated in relation to the reports which will justify any departures.

The new Article 16(2) also introduces a new sub-paragraph establishing an intermediate quality report by the Commission.

The new Article 16(4) establishes methodology studies, whose aim will be to evaluate the effect on comparability of the use of different data sources in different Member States — the results of these studies will be used to improve comparability where this is necessary.

In Annex 1, as a general rule, the Council has incorporated the amendments proposed by the European Parliament to the extent that collection of the data is technically feasible and not disproportionately costly.

Under '*Mode of collection*', the Council has changed the wording to reflect the methods of collection used in some Member States which are not based on an individual personal interview.

In response to the European Parliament's third amendment and the Commission's response to it, the Council has added the words '*including degree of urbanisation*' to the '*Basic Household data*' area. The Parliament's suggested wording was felt to be too vague to be implemented in such a way as to provide meaningful, comparable data.

The European Parliament's fourth amendment, relating to the issue of the components of gross income, is incorporated by the Council in the footnote relating to the '*Total household income*' area. The Council feels this is the clearest way to incorporate the concepts applicable into the legal text. The footnote also indicates that certain non-monetary components shall be optional until 2007 (and that social insurance contributions will only be included from 2007 if the results of feasibility studies are positive). This is because a number of Member States have significant difficulties with the practical collection of such information, and a transition period during which appropriate collection methodologies are developed is required. Variables required to compute imputed rent, however, will be compulsory from the first year of data collection.

The European Parliament's fifth amendment is incorporated, using the wording suggested in the Commission's amended proposal: '*Housing and non-housing related arrears*'. This is felt to be the clearest way to give a global arrears figure (rather than a debt figure, which is not a reliable indicator of social exclusion) and to differentiate between housing arrears and other arrears.

The European Parliament's sixth amendment is incorporated, again using the wording suggested in the Commission's amended proposal, since this reflects the standard term used to describe the *deprivation indicators* in common use.

The European Parliament's seventh amendment is not incorporated, since Member States feel that a specification of the elements making up *physical and social environment* data need not be defined in the Regulation, and any attempt at a definition might lead to a focus on elements which are not necessarily the key problems of the physical and social environment in particular areas. *Under Labour information*, the Council has introduced an area of '*Child care*', since the availability or lack of child care facilities is felt to be a key factor in contributing to exclusion from the labour market.

The European Parliament's eighth amendment has been incorporated.

The European Parliament's ninth amendment is incorporated as regards *ISCED level attained* for respondents, but not for respondents' parents — this is in line with the Commission's response to the European Parliament's amendment.

In line with the European Parliament's tenth and eleventh amendments, the Council has included more detail in the areas under *Labour information*, so as to include references to '*current activity status and current main job, including last main job for unemployed*', as well as '*the activity status during the income reference period*' and a further area relating to additional jobs. For additional jobs, the Council feels precise data on the second and any further jobs should be provided in hours worked, so as to give a clearer overall picture of patterns of employment.

The European Parliament's twelfth amendment regarding *health* is incorporated.

In Annex II, the Council has changed the wording of the second column heading in the table to reflect that personal interviews relate to persons aged 16 and over. The minimum effective sample sizes for Iceland and Norway have also been added, along with a new total figure including these two countries. The Council has also added a clarification that the design effect = 1.0 refers to the risk of poverty rate variable.

IV. CONCLUSION

The Council considers that the modifications introduced in its common position are fully in line with the objectives of the proposed Regulation. It also considers that these modifications improve the legal act in terms of its implementability, in respect of the timing of implementation by the Member States, the transitional period for feasibility studies before compulsory collection of certain non-monetary income data, and in respect of the precise description of the data to be collected.
