

The EC Household Panel "Newsletter" (1/01)

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Statistics in focus

POPULATION AND SOCIAL CONDITIONS

THEME 3 – 14/2001

POPULATION AND LIVING CONDITIONS

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After a long period of absence, welcome to the seventh edition of the EC Household Panel Newsletter. The ECHP teams, both at national and EU levels, have gone through a very busy period, carrying out joint work for issuing new waves of the European Community Household Panel project and preparing its successor, EU-SILC (Statistics on Income and Living Conditions).

The aim of this Newsletter is to bring you up to date on the progress of both projects.

1. THE ECHP (European Community Household Panel)

1.1. User's Database

In June 2001, the ECHP users' database (ECHP UDB) covering years 1994 to 1997 was issued. This is 16 months after the last version.

Finalising this ECHP UDB covering 4 waves involved more than just adding another wave to an existing database. It was far more complex for several reasons and in fact a great challenge.

Three countries, namely Germany, Luxembourg and the United Kingdom, had stopped carrying out the harmonised survey after the third wave of the ECHP. These countries had decided to derive comparable data from other existing national panel surveys. This task proved to be much more difficult than thought at first. Even though the national panels in Germany (German socio-economic panel - GSOEP) and in the United Kingdom (British household panel survey - BHPS) cover subjects similar to the ECHP, the comparability at variable level had to be dealt with. Therefore coding frames needed to be adapted. This exercise was carried out successfully for the German and UK subcomponent of the ECHP. The Luxemburgish subcomponent could not be integrated into the ECHP framework yet, but should be available for the next issue of the ECHP UDB.

Another change in the data collection in the fourth ECHP wave came up in Finland. After having carried out the ECHP survey for the first time in 1996, Finland decided in 1997 not to collect information on income by interviews, but to derive this information from registers. Furthermore, it was decided to replace the income information collected during the 1996 survey by administrative data. This task delayed the production of 1997 datasets and was finalised just in time for this issue.

Furthermore, other countries have revised their data. With the availability of the UDB to a wide range of users, and with ECHP as a provider of important indicators, some countries became increasingly aware of data quality and undertook substantive revisions of data. These revisions are not completely finalised yet and the data will continue to be updated for future issues of the ECHP UDB.

In addition to panel data, the current version of the UDB contains comparable cross-sectional data for Sweden. These data have been derived from the Swedish Survey of Living Conditions and are for the year 1997.



Due to the increasing complexity of the ECHP, i.e. more available waves, sub-components stopping and new sub-components being integrated, Eurostat has revised its way of checking and producing data. Processes are now better documented and documentation has been made available through the web.

Potential users interested in the ECHP can access and download the detailed documentation of the ECHP UDB from the ECHP website:

<http://forum.europa.eu.int/irc/dsis/echpanel/info/data/information.html>.

1.2. The main uses of ECHP Data at Community level

Publication of tables in Eurostat's reference database

Detailed statistics derived from the ECHP are published in Eurostat's reference database NewCronos in three domains, namely health, housing and 'ILC' - income and living conditions. The domain 'income and living conditions' covers multi-dimensional tables on income sources, income distribution, income levels, subjective and non-monetary indicators of the economic situation, and social exclusion and poverty. The classification plans for these tables can be accessed via the Eurostat homepage and tables may be requested via the Eurostat datashops. (Contact information: see last page).

Statistics in Focus

During the year 2000, five issues of *Statistics in Focus* have been produced on the basis of ECHP data:

- Social exclusion in the EU Member States (SiF N° 1/2000);

- Social benefits and their redistributive effects in the EU (SiF N° 9/2000);

- Low-wage employees in EU countries (SiF N° 11/2000);

- Income poverty in the European Union: Children, gender and poverty gaps (SiF N° 12/2000);

- Persistent income poverty and social exclusion in the European Union (SiF N° 13/2000).

Statistical publications

Since 2000, ECHP data have been used for the statistical publication 'European Social Statistics: Income, Poverty and Social Exclusion'; and were quoted in the joint Eurostat / European Commission publication on 'The Social Situation of the European Union'. The Eurostat publications 'Living Conditions in Europe: Statistical Pocketbook' and 'Eurostat yearbook' also included data derived from the ECHP.

Other commission publications such as the reports on employment, social protection etc. also use ECHP results.

Structural indicators

One of the main uses of ECHP data was the production of structural indicators for the synthesis report for the Spring 2001 European Council. In its communication COM(2000) 594 regarding structural indicators, which proposes a set of 27 indicators, the Commission selected seven indicators of social cohesion, three of which are based on ECHP data

- Distribution of income (income quintile ratio S80/S20);

- Poverty rate before and after social transfers;

- Persistence of poverty.

2. EU-SILC (STATISTICS ON INCOME AND LIVING CONDITIONS)

2.1. Why replace the European Community Household Panel (ECHP)?

After a total duration of eight years (1994-2001), Eurostat together with Member States decided to stop the European Community Household Panel (ECHP) project and to replace it in 2003 with a new instrument, EU-SILC (Statistics on Income and Living Conditions). There are several reasons for this change:

Most importantly is the need for adapting the content and timeliness of production of the instrument to the new political needs, particularly after the Lisbon (23-24/03/00) and Nice (7-9/12/00) summits. During these summits, priority was given to the eradication of poverty, and a better understanding of social exclusion on the basis of commonly agreed indicators was requested. As a consequence, there is an increasing need for comparable and timely data on income and social exclusion, particularly in the context of the 'Programme of Community action to encourage co-operation between Member States to combat social exclusion', and for the Structural indicators to be produced annually for the Spring report to the European Council.

The ECHP is due to its three main characteristics a unique source of information in the world. These are (1) its multi-dimensional coverage of a range of topics simultaneously, (2) a standardised methodology and procedures yielding comparable information across countries and (3) a longitudinal or panel design. The main output of this project is that, for the first time, comparable data on income distribution and on poverty/social exclusion has been produced for the EU. However, it must be recognised that it suffers from several operational problems. The most important one is the lack of timeliness of the data. Data collected nationally in 1997 are only available at EU level at the beginning of June 2001, i.e. with a time lag of 41 months. Some other problems relate mainly to initial response/attrition rates and the non-participation of one of the EU countries in the project, i.e. Sweden.

There was also a need to achieve a better integration of the EU project on income and living conditions in the National Statistical Systems, as the ECHP was considered by many countries as an EU and not a national project, and therefore it was given a low priority.

2.2. Characteristics of EU-SILC

EU-SILC, the new instrument to be launched by Eurostat in 2003, will be *the EU reference source for comparative income distribution and for social exclusion statistics*.

It is planned for the EU-SILC project to include *two dimensions*:

A cross-sectional dimension, which is the first priority.

The cross-sectional information collected annually at national level starting from 2003 will be transmitted to Eurostat in the form of micro-data (all household and personal data will be linkable in the cross-sectional component). The data collected will be multi-dimensional, covering income, labour, demography, housing, education, and health at the same time.

A longitudinal dimension, which will also be updated annually.

It will be restricted both in content (only covering income, labour and a limited set of non-monetary variables of deprivation) and in the time dimension (a minimum of a four-year period is requested).

As for the cross-sectional component, all household and personal data will be linkable in the longitudinal component.

A *legal basis* will be developed for EU-SILC: a framework Regulation of the European Parliament and the Council supplemented by Commission Regulations for the implementation. One of the most important Commission's Regulations will concern the list of variables covered by both the cross-sectional and the longitudinal components.

It is planned for the minimum effective sample sizes for the cross-sectional component to be around 80,000 households for the EU as a whole.

Actual sample sizes will be larger to compensate for non-response and for design effects exceeding 1.0.

Two main priorities for EU-SILC

For this project, priority is to be given to high quality (mainly comparability and timeliness especially for the cross-sectional component) and flexibility.

High quality

It is planned for the EU cross-sectional micro-data collected in year N to be disseminated at the end of February (N+2). By way of exception, micro-data collected in 2003 will only be released at the end of April 2005. An annual cross-sectional report (relating to N) will be published by Eurostat at the end of June (N+2) (15 September 2005 for the 2003 data as an exception).

For the longitudinal component, data collected up to year N will be available in the form of micro-data at the end of July (N+2).

The data to be produced by the EU-SILC project have to be comparable. As for the ECHP, input harmonisation is the first priority. But it has to be recognised that in countries where existing national sources will be used, output harmonisation at the micro-level is acceptable.

Flexibility

In order to be able to integrate the new project into the national statistical system, flexibility in terms of data source is accepted as one basic principle of EU-SILC.

For the cross-sectional component, flexibility means that depending on the country, either an existing national source (survey (for example HBS in Germany, multi-purpose survey in Italy, General Household Survey in the UK) or a combination of register and survey data in the three Nordic countries) will be used and adapted to the EU requirements, or a new EU survey will be developed.

Depending on the country, the longitudinal data will be extracted from a pure panel survey where individuals, once selected, are followed up, or from a cross-sectional survey with a rotational sample. Both sources can be combined if required with register information.

2.3. Timetable for preparation and launching of EU-SILC

Eurostat is currently working together with all Task Force members on the development of the framework Regulation of the European Parliament and the Council on Community Statistics on income and living conditions (EU-SILC). After an initial discussion in the Statistical Programme Committee (SPC) at the end of May 2001, this Regulation was discussed at the Meeting of Directors of Social Statistics in June 2001 and its approval is planned for SPC meeting at the end of September (following discussions in the Task Force and inter-services (within the Commission consultations). It should be possible for the Commission to adopt this Regulation in November 2001. The document will then be transmitted to the Council and to the European Parliament. The target date for the entry into force is the 1st January 2003.

Eurostat is now starting together with Member States, to develop the technical aspects of the instrument. These technical aspects will be tested during the pilot experience that will take place in all EU countries in 2002, and some modifications will be implemented before the launch of the full survey in 2003.

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New Cronos, Theme 3

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