

this indicates that retail prices for those goods and services are about 20% higher for the "average" employee at the Post than in Ottawa.

Your actual salary at the commencement of your posting is used to determine the percentage of your salary which will be indexed for the duration of that posting. For employees earning less than \$35,000, disposable income is considered to be 55% of salary; for those earning more, disposable income is considered to be 50%. Salary Equalization is calculated by applying the post index to your disposable income and is paid on a monthly basis. Table IV shows some examples of how the amount of Salary Equalization may change if the post index goes up or down. No payments or recoveries are made when the post index is 100 or less.

TABLE IV
SALARY EQUALIZATION AND POST INDEX

<u>Annual Salary</u>	<u>Disposable Income</u>	Monthly Salary Equalization Payable when Post Index is			
		<u>150</u>	<u>125</u>	<u>110</u>	<u>100 or less</u>
\$20,000	11,000	458.33	229.16	91.66	0
\$30,000	16,500	687.50	343.75	137.50	0
\$40,000	20,000	833.33	416.67	166.67	0

Note: The important thing to remember is that Salary Equalization is not a constant amount and will be adjusted upward or downward depending on relative changes in the Post Index.

The Post Index is established by Statistics Canada on the basis of cost-of-living surveys conducted by posts. All post indexes are reviewed monthly and any changes which may be warranted on the basis of information from a variety of other sources, (including indexes generated by other countries), are reported to the Department. Statistics Canada is solely responsible for administering the post index methodology as agreed to in the National Joint Council Committee on the Foreign Service Directives. Any adjustments in the level of a post index following a review are implemented on the first day of the month following the month in which the review was completed.

Whether or not our post index system is the most responsive of any foreign service in the world is, of course, a debatable matter. To be sure, Statistics Canada has consistently employed objective methodology in a timely fashion and provisions have been made for conducting special reviews following reports of exceptional developments received from posts. Nevertheless, the National Joint Council is committed to a full scale review of the post index system and will be considering options such as the one proposed in the Report of the Royal Commission on Conditions of Foreign Service*.