EUROPEAN
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ANNEX 1

ANNEX

to the

COMMISSION DECISION

authorising the use of unit costs under the annual and multiannual programmes for the eradication, control and surveillance of animal diseases and zoonoses and under the veterinary emergency measures repealing Commission Decision C(2014) 1035

ANNEX

1. INTRODUCTION

Annual and multiannual programmes for the eradication, control and surveillance of animal diseases and zoonoses (collectively "veterinary programmes") have been co-financed by the EU for many years and have unequivocally contributed to the improvement of both animal and human health within the EU. The purpose of the eradication programmes is the biological extinction of an animal disease or zoonosis. Control programmes target to obtain or maintain the prevalence of an animal disease or zoonosis below a sanitary acceptable level. Surveillance programmes refer to activities related to collecting and recording data on specific diseases in defined populations over a period of time in order to assess the epidemiological evolution of the diseases and the ability to take targeted measures for control and eradication. Approximately EUR 150 million annually is committed from the EU budget towards co-funding the implementation of the veterinary programmes. Currently co-funding for the veterinary programmes is based on the reimbursement of actual costs and unit costs.

Veterinary emergency measures are implemented to fight animal disease outbreaks. The aim is to intervene in a timely manner and extinguish the outbreak before it spreads and affects other regions causing considerable damage to the farming community and the economy in general. It is expected that in 2017 and 2018 co-funding of emergency measures will exceed EUR 40 million on an annual basis. Currently co-funding for the veterinary emergency measures is based on the reimbursement of actual costs. The current exercise of unit costs' revision targets the introduction of unit costs for co-funding veterinary emergency measures for all similar eligible measures and diseases in an effort to expand the benefits resulting from the introduction of unit costs under the veterinary programmes to this area as well.

Annex I of Regulation (EU) 652/ 2014 sets the list of animal diseases which qualify for funding in respect of emergency measures. Annex II of Regulation (EU) 652/ 2014 sets the list of animal diseases and zoonoses which qualify for grants awarded to Member States' veterinary programmes. However, the diseases object of the current exercise of unit costs' revision is restricted to those for which MSs are currently asking for EU co-funding as is the case for at least the past 10 years and for which a solid set of data is available. The diseases are the following::

African Swine Fever
Avian Influenza
Bluetongue
Bovine Brucellosis
Bovine Tuberculosis
Classical Swine Fever
Salmonellosis (zoonotic salmonella)
Ovine and Caprine Brucellosis
Rabies
Transmissible spongiform encephalopathies.

Article 124 of the Financial Regulation provides for the use of unit costs under grants; the application of unit costs is to be authorized by way of a Commission decision ensuring respect for the principle of equal treatment of beneficiaries for the

same category of actions. The authorisation is to be supported by justification concerning the appropriateness of the unit costs with regard to the nature of the supported actions, as well as to the risks of irregularities and fraud and costs of control; identification of the costs or categories of costs covered by unit costs; description of the methods for determining the unit costs. Those methods can be based on statistical data.

Commission Decision 1035 (2014) was based on the draft proposal for Regulation (EU) N.652/2014 and responded to all of these requirements set by the Financial Regulation and authorised the use of unit costs for co-funding certain measures under the veterinary programmes. This step considerably simplified the financial management of the veterinary programmes both for the Commission services and the Member States, speeded up the payment process, and reduced the error rate.

Currently, unit costs are applied for co-funding sampling and certain testing activities under the veterinary programmes. The amount co-funded through unit costs comes up to approximately 46 % of the veterinary programmes' budget.

2. FORM OF FINANCING AND CATEGORIES OF COSTS COVERED

Veterinary Programmes

In accordance with Regulation (EU) 652/2014, grants may be awarded to Member States' veterinary programmes against animal diseases and zoonosis covered by the Regulation. The following direct costs incurred by the Member States in implementing the veterinary programmes qualify for grants (Article 11):

(a) costs of sampling animals;

(b) costs of tests, provided that they are limited to:

- costs of test kits, reagents, and consumables which are identifiable and specifically used for carrying out those tests;
- costs of personnel, regardless of their status, directly involved in carrying out the tests;

(c) costs of compensation to owners for the value of their animals slaughtered or culled, limited to the market value of such animals if they had not been affected by the disease;

(d) costs of slaughtering or culling of the animals;

(e) costs of compensation to owners for the value of their destroyed products of animal origin, limited to the market value of those products immediately before any suspicion of the disease arose or was confirmed;

(f) costs of purchase, storage, inoculation, administration or distribution of vaccine doses or vaccine and baits used for the programmes;

(g) costs of cleaning, disinfection, desinsectisation of the holding and equipment based on the epidemiology and characteristics of the pathogen; and

(h) in exceptional and duly justified cases, the costs incurred in carrying out necessary measures other than those referred to in points (a) to (g), provided that such measures are set out in the grant decision.

In addition to the eligible direct costs listed above, a flat rate of 7% on the total amount of the eligible direct costs (costs of compensation excluded) is added as eligible indirect costs.

Commission Decision C(2014)1035 authorised the use of unit costs for co-funding sampling and testing measures implemented under the veterinary programmes. It also introduced the methodology for the calculation of the unit costs currently applied for co-funding the veterinary programmes. This exercise of unit costs' revision has as an objective the review of the methodology for the calculation of the unit costs introduced with Commission Decision C(2014)1035; it results in adjusted levels of unit costs for sampling and testing measures.

At this stage, unit costs are introduced only for measures listed under points (a) and (b) of Article 11 of Regulation (EU) 652/2014. No unit costs are introduced for the rest of the measures eligible for co-funding under the veterinary programmes listed in points (c) to (h) in Article 11 of Regulation (EU) 652/2014, such as compensation, vaccination, and other costs: The introduction of unit costs for those measures is currently not feasible due to unacceptable cost variations among the animal species and age, the types of vaccines used, and the variety of other measures approved. These measures will continue to be co-funded based on actual costs.

Emergency Measures

In accordance with Regulation (EU) 652/2014, the following direct costs incurred by the Member States in carrying out emergency measures may qualify for funding (Article 8):

(a) costs of compensation to owners for the value of their animals slaughtered or culled, limited to the market value of such animals if they had not been affected by the disease;

(b) costs of slaughtering or culling the animals and related transport costs;

(c) costs of compensation to owners for the value of their destroyed products of animal origin, limited to the market value of those products immediately before any suspicion of the disease arose or was confirmed;

(d) costs of cleaning, desinsectisation and disinfection of holdings and equipment, based on the epidemiology and characteristics of the pathogen;

(e) costs for the transport and the destruction of the contaminated feeding stuffs and, where it cannot be disinfected, contaminated equipment;

(f) costs of purchase, storage, administration or distribution of vaccines and baits as well as the costs of inoculation itself, if the Commission decides or authorises such actions;

(g) costs of transport and disposal of carcasses;

(h) in exceptional and duly justified cases, any other costs essential for the eradication of the disease, as provided for in the respective financing decision.

In addition to the eligible direct costs listed above, a flat rate of 7% on the total amount of the eligible direct costs (costs of compensation excluded) is added as eligible indirect costs.

Logically, for the same disease, unit costs introduced for co-funding sampling and testing measures under the veterinary programmes for each Member State can be

directly applied for co-funding the costs incurred in the implementation of the respective sampling and testing emergency measures for the same disease, for the same Member State, as costs are presumably the same. However, sampling and testing measures can be eligible for co-funding in the framework of a particular disease outbreak only if specifically approved with the corresponding financing decision and grant decision in compliance with point (h), Article 8 of Regulation (EU) 652/2014 listed above.

3. JUSTIFICATION

3.1. Purpose of the revision of the unit costs

Commission Decision 1035 (2014) introduced the requirement to revise the methodology for the calculation of unit costs and the levels of unit costs for the veterinary programmes in 2016. Further to this formal requirement, the current revision of the methodology aims to achieve the following targets:

- revise the unit costs used at the moment for co-funding the veterinary programmes following a more customized approach with the specifics of each Member State taken into consideration (overruling banding as currently applied),
- update cost levels taking into account price variations over the last two years,
- introduce unit costs for sampling and testing measures for the veterinary programmes currently co-funded on the basis of actual costs incurred thus speeding up the payment process and further reducing the administrative burden for both the Commission and the Member States,
- introduce unit costs for co-funding sampling and testing measures carried out in the framework of emergency measures for the same diseases whenever applicable.

3.2. Risks of irregularities and fraud and costs of control

This revision of the methodology for the calculation of unit costs expands the application of unit costs across co-funding of sampling and testing activities not only for the veterinary programmes but also for co-funding sampling and testing activities for emergency measures for the same animal diseases whenever applicable. The introduction of unit costs across all testing activities and the authorization of the use of unit costs for co-funding emergency measures is expected to further prevent irregularities and facilitate the verification of the eligibility of the claimed expenses. The Commission demonstrates its commitment to continuing simplification, and streamlining of the reimbursement process while reducing payment times.

4. METHOD FOR DETERMINING THE AMOUNTS

The way in which the activities of sampling and testing must be executed is to a large extent defined in the OIE guidelines (Office International des Epizooties which became World Organisation for Animal Health) or in specific European legislation for the eradication/surveillance of the diseases eligible for co-funding. Thus, there exists a comparable veterinary framework determining how and when these actions should be executed.

The current process of the revision of the methodology and the update of the levels of the unit costs follows the same approach introduced back with Commission Decision C(2014)1035. Overall, the methodology relies on data submitted by the Member States which is verified by the Commission with the aim to reduce the risk of undue payment to an acceptable level. The data is statistically processed to ensure consistency and compliance with the principles of sound financial management. However, this time, in contrast to the approach of 2014, more detailed data was requested from the Member States in order to move towards unit costs that are tailor-made and specific to each Member State. Thus, banding could be abolished as it presented certain disadvantages over the period of implementation, mainly co-funding the same amount to all Member States within a band disregarding the cost variances among them, the lack of a scientifically accepted approach on the threshold values of the standard deviation allowing the grouping of the Member States in bands, and the complexity due to the varying number of bands per measure.

In 2016, all Member States' Chief Veterinary Officers were requested to provide to the Commission information on the levels of actual costs being incurred in the implementation of the veterinary programs on their territory. In order to structure and compare data among Member States, the Commission developed a detailed template where the Member States' services could fill in the requested information specifying the current level of costs for the eligible measures and providing a description of what these costs cover. The template followed the structure of the eligible measures approved for each individual 2016 veterinary programme (130 veterinary programmes). As a result, the Commission asked for, received and analysed information for more than 1,000 individual costs.

Member States were asked to quote the total cost as well as detail and provide sub-costs for each of the following components of the total cost for each approved measure (individual sample or individual test): "labour", "consumables" and "other costs". Member States were further asked to provide explanation and description for the sub-costs quoted for each of these components. For the labour component, Member States were expected to further enter a breakdown between the personnel hourly rate in EUR and the number of personnel hours per one operation.

The process of gathering the necessary data from the Member States in order to start its examination and analysis was extensive and ran over a period of more than six months. Not all of the Member States responded within the required deadline and reminders had to be sent outlining the importance of the Member States' input for the current exercise which aims to make the unit costs tailor-made for each Member State. The subsequent processing of the files also required continuous communication with the Member States, requesting further explanation on specific costs, clarification, confirmation or input of additional data. Member States were also updated on the progress of this exercise during the regular SCoPAFF meetings. After the identification of Member-State specific hourly personnel costs for sampling and testing activities, Member States were officially notified of the new personnel hourly rates, and the Commission services addressed Member States' questions and requests for further clarification on how the personnel hourly rates were determined. Following communication with certain Member States and subsequent update of the required data, certain personnel hourly rates have been adjusted as a result. Further, Commission services engaged in extensive discussion with the Member States in an attempt to verify the quoted times for the execution of certain laboratory tests that ran abnormal. Certain Member States revised the data on the laboratory test times

following clarification from the Commission. Commission effort was directed at reaching clarity on the required quality of the data coming from the Member States and the verification of this data for accuracy.

4.1. Sampling

Sampling is the process of collecting biological material from live or dead animals.

The only component of the sampling cost that is eligible for co-funding and thus included in the unit cost calculation, is the labour component formed by the multiplication of the personnel hourly rate (for the personnel directly involved in the sampling activity) and the time spent on the spot to take the sample.

Sampling is a major activity for the veterinary programmes, as illustrated below for 2017:

Disease	Number of samples 2017	Unit cost in 2017 (yes / no)	Number of Member States with approved programmes in 2017
African Swine Fever	25,935	Yes	8
Avian Influenza	158,607	Yes	26
Bluetongue	246,193	Yes	15
Bovine Brucellosis	6,076,920	Yes	3
Bovine Tuberculosis	19,201,012	Yes	6
Classical Swine Fever	257,886	Yes	6
Salmonella	36,448	Yes	24
Sheep and goat brucellosis	8,783,852	Yes	5
TOTAL	15,585,841		

The total budgeted amount for sampling under the 2017 veterinary programmes, based on the current unit costs, amounts to 10% of the total budget of the 2017 veterinary programmes.

The proposed method for the calculation of the unit costs follows the same approach as in 2014 focusing on the time needed on the spot to take the sample and the personnel hourly rate per Member State for the person directly involved in taking the sample:

(a) The time needed to take one sample per each disease and type of animal is set up and fixed by Commission experts. This approach is based on the common understanding and agreement that the time needed to take one sample for a specific disease and type of animal is the same for all Member States and can thus be universally determined.

(b) As regards the personnel hourly rate, this revision of the unit costs follows the same approach as the one introduced with the methodology in 2014. The data

received from the Member States on the applicable personnel hourly rates has to be critically reviewed, verified, and whenever necessary, adjusted in compliance with the principles of sound financial management.

The data sets provided by the Member States have clearly indicated that there is a difference in the level of the hourly rate for the personnel involved in sampling and the personnel involved in testing activities. It can be assumed that the relatively higher personnel hourly rates for sampling when compared to testing activities, as provided by the Member States, reflect the different type of personnel and grade for the individuals doing sampling and testing (presumably veterinarians performing sampling and technicians performing the majority of testing). In order to respect the specifics of this personnel distribution and to customise the approach towards each Member State, the Commission has applied two separate personnel hourly rates per Member State – an hourly rate for personnel involved in sampling activities to calculate the unit costs for sampling and an hourly rate for personnel involved in testing activities to calculate the unit costs for testing.

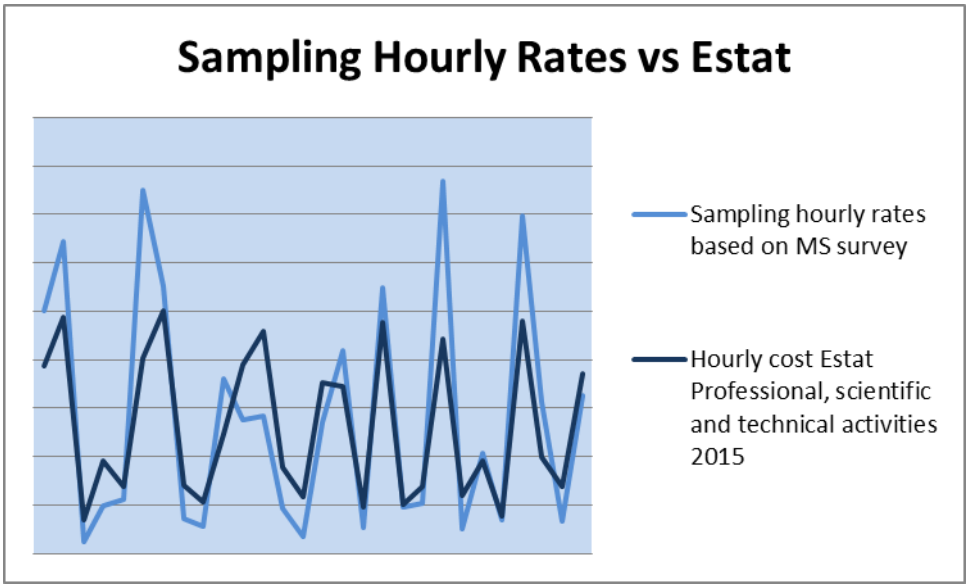
The applicable hourly rate for sampling activities (one rate per Member State for sampling activities across all diseases) has been determined the following way:

Member States were asked to provide personnel hourly rate for the sampling activities for each programme. Based on the data received, the different hourly personnel rates for the sampling activities for the various programmes, provided by each Member State, have been averaged to get to one personnel hourly rate for sampling activities ("sampling hourly rate") for each Member State. However, before reaching the sampling hourly rate for each Member State through averaging, the population of personnel hourly rates for sampling activities provided by each Member State was statistically smoothed by excluding the outliers from the calculation. The statistical approach for the identification of the outliers follows the rule: if the percentage increase between the minimum and the maximum value, as provided by the Member State, within the population of the different hourly personnel rates for sampling activities, is higher than 40%, the value within this population which is the most distant from the average for this population is excluded from the calculation of the sampling hourly rate. The Commission considers that a percentage increase between the minimum and the maximum value within the population of the different hourly personnel rates for the sampling activities that is higher than 40%, is unacceptable without smoothing, based on the assumption that it is the same personnel doing the sampling activities for all programmes, and there shouldn't be high variations in the remuneration; therefore, extreme values should be excluded. The exclusion of the outliers for the calculation of the sampling hourly rate aims to reduce the risk of paying undue costs and is in compliance with the principles of sound financial management.

Strictly in accordance with the approach introduced in 2014, the sampling hourly rate for each Member State, calculated following the method described above, is compared with the corresponding country entry from the Eurostat

statistics on hourly cost for professional, scientific and technical activities for 2015 ("the Eurostat statistics")[1].

The comparison between the trends of the thus calculated sampling hourly rates and the Eurostat statistics indicates that the data on the sampling hourly rates, as provided by the Member States, and processed by the Commission, is generally accurate and incorporates the country specifics; it is evident that it closely correlates with the trend presented by the Eurostat statistics, as illustrated below.



Nevertheless, some of the sampling hourly rates for certain Member States (calculated based on the method described above) run at an unacceptably high level, presumably covering additional cost elements or being based on inappropriate quote criteria. The sampling hourly rates for Germany, Spain, the Netherlands, Sweden and Slovenia had to be limited to the level of the corresponding Eurostat hourly cost from the Eurostat statistics plus a mark-up of 40% (hereinafter referred to as 'threshold rates'). This calculation and application of the threshold rates follows strictly the methodology for statistically smoothing the population of Member States' sampling hourly rates adopted in 2014 with Commission Decision 1035 (2014).

The approach is based on the consideration that programme costs should reasonably and justifiably be limited in compliance with the principle of economy; nevertheless, each Member State should be allowed to accommodate within its sampling hourly rate country specifics within the veterinary sector or particularities regarding the remuneration of veterinary officials. Therefore, the sampling hourly rates for the Member States that fall within the corresponding threshold rate are left unchanged (following the approach of Commission Decision 1035 (2014)); each Member State is allowed to have up to 40% variance from the corresponding Eurostat hourly cost to accommodate the potential for higher rates for labour costs of public veterinary officials when compared to the labour costs within the professional, scientific and

[1] Whenever data for a specific Member State was only available within earlier Eurostat datasets, the specific earlier Eurostat entries were adjusted to 2015 levels using the Eurostat Labour Cost Index (LCI).

technological sector as well as some country specifics within the veterinary sector or particularities concerned with the remuneration of veterinary officials.

The sampling hourly rates for the Member States that fall outside the corresponding threshold rate are capped up to the threshold rate in compliance with the principles of sound financial management.

Member State	Data provided by the Member State	Eurostat - professional, scientific and technological activities	Threshold value (Eurostat + 40%)	Capped hourly rates
Germany	75.08	40.20	56.28	56.28
Spain	36.02	24.60	34.44	34.44
Netherlands	77.00	44.39	62.15	62.15
Sweden	69.60	47.90	67.06	67.06
Slovenia	31.18	19.90	27.86	27.86

* All data is hourly cost in euro

Four Member States did not provide any data on the personnel hourly rate for sampling activities (Estonia, Finland, France, and Romania). However, they provided data on the personnel hourly rate for testing activities. In these cases, it is the testing hourly rate for each of these Member States, calculated following the method described below under point 4.2, that is considered as sampling hourly rate and applied for the calculation of sampling unit costs.

This revision of the methodology for the calculation of unit costs sets the following sampling hourly rates per Member State to be used for the calculation of the revised unit costs for sampling.

Member State	Sampling hourly rate
AT	50.00
BE	64.45
BG	2.47
CY	9.83
CZ	11.12
DE	56.28
DK	55.19
EE	7.20
EL	5.68
ES	34.44
FI	27.48
FR	28.50
HR	9.33

HU	3.50
IE	27.06
IT	41.87
LT	5.24
LU	55.00
LV	9.60
MT	10.23
NL	62.15
PL	4.95
PT	20.71
RO	6.96
SE	67.06
SI	27.86
SK	6.64
UK	32.71

Note on tuberculin testing:

Tuberculin testing presents a special case by not being truly a laboratory test; it is carried out on live animals and not on samples from dead animals. Reviewing the detailed procedure how a tuberculin test should be performed (Directive 64/432/CEE), and considering the personnel involved in the operation (a veterinarian), tuberculin testing should rather be considered as a sampling and not as a testing activity for the purposes of this revision of the methodology for the calculation of unit costs. Hence, the time required to perform a tuberculin test has been determined by Commission experts and a sampling hourly rate has been applied for the calculation of the unit cost for tuberculin testing.

Where total costs were available for each sampling measure based on the survey collecting Member States' data, the unit costs calculated for sampling measure were capped at the total cost identified in the survey.

4.2. Laboratory tests

A laboratory test represents the procedure performed on a sample to detect, diagnose, or evaluate disease agent's presence/absence, disease process or susceptibility to a specific disease agent that can cause health problems in animals and humans. Most of the tests are disease specific.

The components of the testing cost that are eligible for co-funding and thus included in the unit cost calculation are the labour component formed by the multiplication of the personnel hourly rate (for the personnel directly involved in the testing activity) and the time spent to do the test, and the direct cost of test kits, reagents, and consumables (identifiable and specifically used for carrying out the test).

The total budgeted amount for testing under the 2017 veterinary programmes, based on the current unit costs, amounts to 37% of the total budget of the 2017 veterinary programmes.

An overview of the currently co-financed tests per disease is given in the table below; it is based on the most recent figures available for the 2017 veterinary programmes.

Disease	Test	Number of tests planned for 2017	Unit Cost in 2017 (Yes/No)	Number of MS 2017
Bovine brucellosis	Rose bengal test	6,194,945	Yes	3
	PCR test	84	No	1
	Complement fixation test	1,108,234	Yes	3
	ELISA test	52,921	No	2
	Bacterial culture	3,265	No	3
Bovine tuberculosis	Gamma-interferon test (testing)	408,972	No	5
	Bacterial culture	67,115	No	5
	PCR test	-	No	0
Brucella Melitensis	Rose bengal test	7,254,552	Yes	5
	Complement fixation test	3,025,831	Yes	5
	Bacteriological test	6,102	No	5
	PCR test	95	No	1
Bluetongue	ELISA test	385,746	Yes	15
	PCR test	33,857	Yes	15
Salmonella	Bacteriological test	74,672	Yes	22
	Serotyping	4,595	Yes	21
	Verification of the efficacy of disinfection	8,254	Yes	16
	Antimicrobial test	2,109	Yes	20
African Swine Fever	ELISA test	108,524	Yes	6
	PCR test	223,452	Yes	8
	Virus isolation test	308	Yes	3
Classical Swine Fever	ELISA	142,378	Yes	6
	PCR	44,639	Yes	6
	Virus isolation	20,064	Yes	4
Avian influenza	HI-test (H5)	109,528	Yes	25
	HI-test (H7)	108,513	Yes	24

	ELISA test	108,450	Yes	13
	PCR test	18,182	Yes	25
	Agar gel immune test	4,350	Yes	4
	Virus isolation test	1,621	Yes	21
TSE	Rapid test	1,737,861	Yes	26
	Genotyping (testing)	384,977	No	24
	Confirmatory test	3,580	No	17
	Primary molecular test	850	Yes	18
Rabies	Serological test (FAVN)	2,150	Yes	1
	Serological test (ELISA)	25,099	Yes	11
	FA test (FAT)	45,164	Yes	12
	Tetracycline test	27,249	No	12
	Virus characterisation/isolation test	1,268	No	4
	Vaccine titration	298	No	10
TOTAL		40,950,866		

The proposed method for the calculation of unit costs for testing focuses on the time needed to do the test, the personnel hourly rate per Member State of the person directly involved in doing the test, and the amount of consumables and reagents needed.

(a) Each Member State was expected to provide the Commission with the corresponding time it takes to do each test for each programme. As a first step, the times, as quoted by the Member States, and the relevant explanation and description of the testing operation have been carefully reviewed by the Commission to exclude the time of personnel not directly involved in the testing operation. There has been e-mail discussion with certain Member States to clarify and set the eligible time for the testing operation.

The time it takes to do one specific test (for example, an ELISA test for Avian Influenza) varies among the Member States as it depends to a great extent on the range of automation of the process. However, the Commission is ready to accept only a certain variation within the time it takes the Member States to do the same test for the same programme. That is why the population of all the times provided by the Member States for a specific test for a specific programme is statistically smoothed by capping the outliers. Where several figures were available for the same type of test, averages were used to determine a time to be used for the calculation.The statistical approach for the identification of the outliers is as follows: all data entries that fall above the threshold value of "average value for the population + 40%" represent outliers (the increase of 40% is meant to accommodate potential differences in the level

of automation). The capping of the outliers up to the threshold values for the calculation of the testing times aims to reduce the risk of paying undue costs and is in compliance with the principles of sound financial management. All outliers have been capped at the threshold level.

All entries within the population of all the times provided by the Member States for a specific test for a specific programme that fall below the threshold value of "average value for the population + 40%" remain unchanged as provided by the Member States.

After statistically processing the data received from the Member States, the Commission has identified the time it takes each Member State to do a specific test for a specific programme.

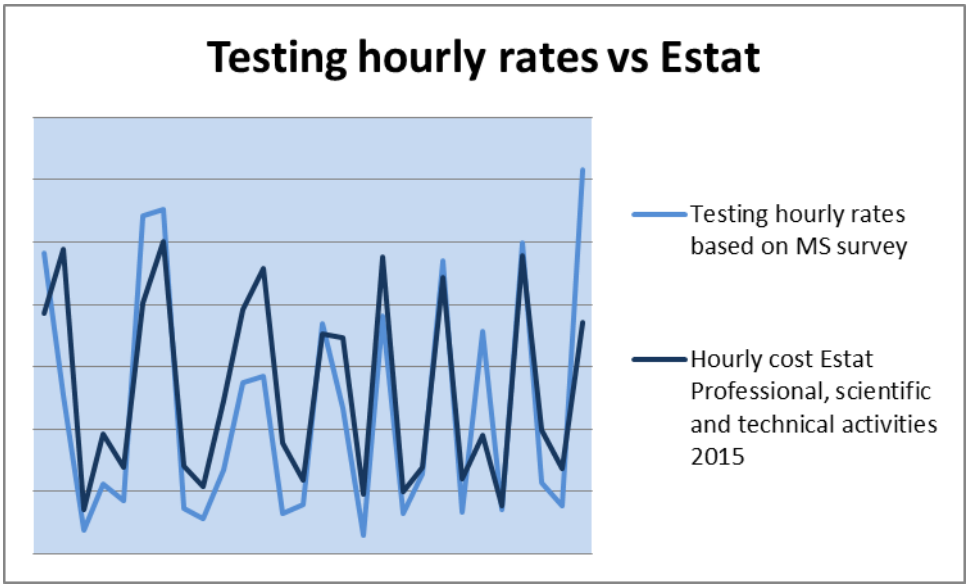
(b) The applicable hourly rate for testing activities (one rate per Member State for testing activities across all programmes) has been determined the following way:

Each Member State was expected to provide the Commission with the corresponding personnel hourly rate for each test for each programme. As a first step, all personnel hourly rates for all the tests for one programme for one Member State were processed to get to an average hourly personnel rate for testing activities within one programme for one Member State. Further, the process follows the same logic as with the calculation of the country-specific sampling hourly rates.

The average hourly personnel rates for testing activities for each of the programmes for one Member State (calculated as described above) have been averaged again to get to one personnel hourly rate for testing activities ("testing hourly rate") for each Member State. However, before reaching this testing hourly rate for each Member State through averaging, the population of the average hourly personnel rates for testing activities for each of the programmes for one Member State ("the population") was statistically smoothed by excluding the outliers from the calculation. The statistical approach for the identification of the outliers follows the rule: if the percentage increase between the minimum and the maximum value within the population is higher than 40%, the value within the population which is the most distant from the average is excluded from the calculation of the testing hourly rate. The Commission considers that a percentage increase between the minimum and the maximum value within the population higher than 40% unacceptable without smoothing, based on the assumption that it is the same personnel doing the testing activities for all programmes, and there shouldn't be high variations in the remuneration; therefore, extreme values should be excluded. The exclusion of the outliers for the calculation of the testing hourly rate aims to reduce the risk of paying undue costs and is in compliance with the principles of sound financial management.

Strictly in accordance with the approach introduced in 2014, the testing hourly rate for each Member State, calculated following the method described above, is compared with the corresponding country entry from the Eurostat statistics on hourly cost for professional, scientific and technical activities for 2015 ("the Eurostat statistics").

The comparison between the trends of the thus calculated testing hourly rates and the Eurostat statistics indicates that the data on the testing hourly rates as provided by the Member States is generally accurate and incorporates the country specifics; it is evident that it closely correlates with the trend presented by the Eurostat statistics, as illustrated below.



Nevertheless, two of the testing hourly rates (calculated based on the method described above) run at an unacceptably high level, presumably covering additional cost elements or being based on inappropriate quote criteria. The testing hourly rate for Portugal and the United Kingdom has been limited to the level of the corresponding Eurostat hourly cost from the Eurostat statistics plus a mark-up of 40% (hereinafter referred to as 'threshold rates'). This calculation and application of the threshold rates follows strictly the methodology adopted in 2014 with Commission Decision 1035 (2014).

Member State	Data provided by the Member State	Eurostat - professional, scientific and technological activities	Threshold value (Eurostat + 40%)	Capped hourly rates
Portugal	35.69	19.02	26.62	26.62
United Kingdom	61.58	37.2	52.08	52.08

* All data is hourly cost in euro

The testing hourly rate for Portugal has been capped up to the threshold rate in compliance with the principles of sound financial management.

This revision of the methodology for the calculation of unit costs sets the following testing hourly rates per Member State to be used for the calculation of the revised unit costs for testing:

Member State	Testing hourly rate
AT	48.25

BE	25.32
BG	3.67
CY	11.16
CZ	8.50
DE	54.19
DK	55.19
EE	7.20
EL	5.68
ES	13.37
FI	27.48
FR	28.50
HR	6.34
HU	7.77
IE	36.92
IT	23.37
LT	2.92
LU	38.09
LV	6.50
MT	12.83
NL	47.00
PL	6.60
PT	26.62
RO	6.96
SE	49.99
SI	11.31
SK	7.63
UK	52.08

(c) The data provided by the Member States with regards to the costs related to the consumables and the reagents needed to do each specific test for each programme are dramatically heterogeneous both in terms of products and in terms of costs, they are difficult to verify, and do not offer the possibility from a statistical point of view to be grouped in adequate populations and processed for verification. The Commission therefore accepts to co-fund 25% of the amount of the labour component of each test cost (the labour component being the result of the multiplication of the corresponding testing hourly rate and the corresponding time it takes to do each test) as cost for consumables and reagents. An example calculation is provided below.

	Personnel hourly rate	Hours to perform the test	Total Labour cost	Consumables	Indirect cost	Revised unit cost
Spain Bovine Brucellosis Complement Fixation Test	(1)	(2)	(3) = (1) x (2)	(4) = 0.25 x (3)	(5) = 0.07 x ((3) + (4))	(6) = (3) + (4) + (5)
	13.37	0.03	0.4011	0.10	0.035	0.54

(d) Where total costs were available for each laboratory testing measure based on the survey collecting Member State data, the unit costs calculated for laboratory testing measure were capped at the total cost identified in the survey. In cases where the total cost was not indicated in the survey received, data from the past financial records were extrapolated to establish a basis to cap the unit costs calculated for laboratory testing.

5. THE WAY FORWARD

Following the methodology described in this Annex, the Commission has calculated a Member-State specific unit cost for each sampling and testing operation for each co-funded programme.