

The Guide to the Post Index



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The Guide to the Post Index

Introduction

The Canadian government employs military and civilian expatriates in approximately 400 locations around the world. Canada-based personnel who serve at these posts may experience considerably different living conditions from those in Ottawa, the headquarters of the Canadian federal government. Among these differences are prices for consumer goods and services. Higher prices, fluctuating exchange rates, and inflation at the post may mean that the purchasing power of their Canadian dollar is not as strong as it would be in Ottawa.

The federal government has developed a foreign service compensation system that is embodied in the Foreign Service Directives (FSD), the Military Foreign Service Instructions (MFSI) and the Foreign Assignment Directive (FAD).

One element of foreign service compensation is the Post Living Allowance (PLA), the level of which is regulated by the Post Index (PI). Applied to salary ranges, the Post Index is intended to provide employees with the financial means to maintain a lifestyle comparable to that which would be enjoyed by similar family income earners in Ottawa.

Post Indexes are compiled and updated in Producer Prices Division's Government Allowances Section of Statistics Canada, acting in a role of a neutral third party. The provisions of the FSD, including the use of the Post Index in administering the PLA, are determined by employer and employee representatives working within the National Joint Council's (NJC) Foreign Service Directives Committee. At the request of this NJC Committee, Statistics Canada publishes Post Indexes on its web site (see: [Canadian Foreign Post Indexes](#)).

Information and explanations contained in this guide reflect determinations made by the NJC. Throughout this guide, reference is made to the FSD 55 but the provisions of the MFSI Section 15 are parallel and apply equally to Canadian Forces members.

Frequently asked questions are included at the end of this publication and are also available on Statistics Canada's website at [Canadian Foreign Post Indexes](#).

1 What is a Post Index?

A Post Index is a comparative measure between the retail price of a representative "basket" (or selection) of products (goods and services) at a foreign location and prices for the same or very similar basket of goods and services in Ottawa, at a given point in time.

The Post Living Allowance (Foreign Service Directive 55) is used to assist federal government employees serving at posts where prices are higher than in Ottawa. Ottawa price levels are expressed as 100. Thus, a Post Index of 110 means that prices at the foreign location are estimated to be about 10 percent higher than those in Ottawa. The Post Index is used in the calculation of the Post Living Allowance (PLA) paid when the post index is greater than 100.

2 What is included and excluded?

The Post Index includes price comparisons for goods and services from twelve household expenditure categories:

Food purchased from stores	Clothing and home furnishings
Meals purchased at restaurants	Communications
Personal care supplies and services	Transportation
Household supplies and services	Tobacco and alcohol
Patented medicines (non-prescription)	Domestic help
Reading and recreation	Household maintenance and repairs

In total, more than 300 consumer goods and services or product price specifications are included in the Post Index basket.

Excluded from the basket are items included under other provisions of the FSDs such as shelter, fuel and utilities, furniture, education, vacation trips, etc. The Post Index does not attempt to compare the costs of savings and investments.

No attempt is made to attach a price to physical or environmental factors that determine eligibility of a foreign location for a Post Differential Allowance (FSD 58).

3 The main components of the Post Index

The Post Index is calculated based on two main components:

1. Product weights, or the relative importance of each good or service whose price is measured for the Post Index;
2. Product prices, converted to Canadian dollars (\$ CAD), from all purchase sources used by post personnel and prices for the same goods and services in Ottawa.

3.1 The importance of product weights in the Post Index

To produce the Post Index, Statistics Canada determines the goods and services purchased by the typical Canadian household and the proportion of the household budget spent on each using data from the Survey of Household Spending (SHS), conducted among a large cross-section of Canadians. Respondent households are asked to record their expenditures for various types of consumer goods and services during a given year. For the purposes of the Post Index, a sub-sample of respondents are considered. These include households of one or more persons from the 10 provinces where:

- at least one member was there for the full year, and
- at least one member 21 years or older worked full-time for 52 weeks, and
- this same member had no income from self-employment and had income from wages and salaries, and
- the household's 2019 income from wages and salaries was at least \$45,000.

New product weights are introduced into the Post Index on an irregular basis. More recent updates to product weights include those based on the 2001 SHS (implemented in 2003), and weights based on the 2005 SHS (implemented in 2009). Weights calculated based on the 2017 SHS were not implemented as Post Index surveys were suspended in March 2020 due to the COVID-19 pandemic.

The 2019 SHS is the latest survey used to establish the typical purchasing profile and resulting product weights. The average household income from wages and salaries before deductions of this group was \$95,087 and the average household size was 3.3 persons (Table 1).

Table 1
Average household income and size by Survey of Household Spending reference year

	Survey of Household Spending (SHS) reference year			
	2001	2005	2017	2019
Average household employment income from wages and salaries before deductions	65,075	80,166	94,906	95,087
Average household size	2.48	2.99	3.0	3.3

The SHS serves two main purposes. It:

1. identifies the kinds of goods and services bought by typical households in Canada, and
2. defines the proportion of their expenditures on each of the goods and services included in the survey.

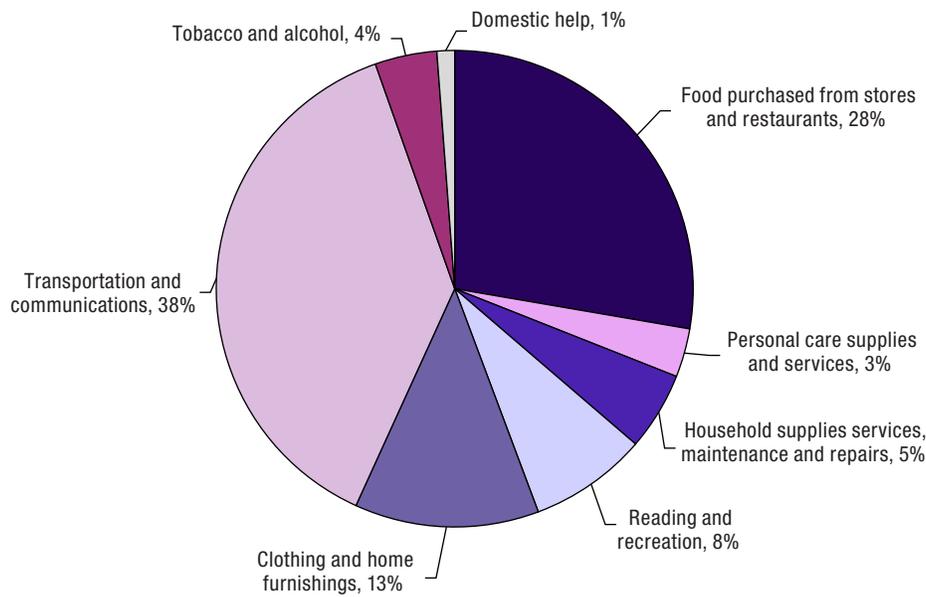
This information is used to determine the goods and services to include in the Post Index basket for pricing as well as the relative importance or “weight” of each. Weights are essential for accurately determining the overall effect of price differences between a foreign post and Ottawa.

To illustrate this concept of weights, Table 2 shows the average amount reported spent in each of four reference years (2001, 2005, 2017 and 2019) on the Post Index basket, grouped into eight major categories. The weighting patterns ultimately used in the calculation of a given Post Index are at the level of individual items.

Table 2
Household expenditures and computation of product (goods and services) weights by Survey of Household Spending reference year

	Amount spent				Relative importance or weight			
	2001	2005	2017	2019	2001	2005	2017	2019
	dollars				percent			
Food purchased from stores and restaurants	8,591	9,106	12,281	12,892	25.3	24.8	26.5	27.7
Personal care supplies and services	1,628	1,763	2,025	1,529	4.8	4.8	4.4	3.3
Household supplies services, maintenance and repairs	1,627	1,678	2,445	2,484	4.8	4.6	5.3	5.3
Reading and recreation	4,416	4,457	3,675	3,737	13.0	12.1	7.9	8.0
Clothing and home furnishings	3,924	4,170	6,212	5,829	11.6	11.3	13.4	12.5
Transportation and communications	12,001	13,755	17,214	17,607	35.4	37.4	37.2	37.8
Tobacco and alcohol	1,289	1,422	2,011	1,970	3.8	3.9	4.3	4.2
Domestic help	424	418	470	505	1.3	1.1	1.0	1.2
Total	33,900	36,768	46,333	46,554	100.0	100.0	100.0	100.0

Chart 1
Relative product (goods and services) importance or weights based on the Survey of Household Spending reference year 2019



The weights in Table 2 and Chart 1 relate to the percentage of total household **expenditures** and not total household income.

The importance of using expenditure weights to establish the difference in costs between two locations is shown in the example in Table 3. Consider milk and waxed paper as the only two products included in the Post Index basket with 90% of household expenditures on milk and 10% on waxed paper. A five percent difference in milk prices will normally have a much greater impact on a household’s budget than even a 50 percent price difference for waxed paper. The reason is simple: households spend much more on milk than on waxed paper.

Table 3
Importance of expenditure weights

Product	Price ratio base = 100	Equal weights	Product index	Expenditure weight	Product index
	number	percent	number	percent	number
Milk	105	50	53	90	95
Waxed paper	150	50	75	10	15
Post Index	128	...	110

... not applicable

Notes: Calculation of Product index = price ratio X weights.

Calculation of Post Index = Item index (milk) + Item index (waxed paper)

Placing the same importance on milk and waxed paper (equal-weighted or unweighted average) would result in a Post Index of 128. However, when the greater proportion of household expenditures on milk (90%) is reflected in the Post Index, a more accurate cost difference is reflected with a Post Index of 110. Using expenditure weights means that the overall level of the Post Index will be more heavily influenced by price differentials attached to the categories of goods and services on which Canadians spend the most money.

3.2 Changes to weights since the last basket update

Changes in consumer spending patterns over time is a common research topic including both the amount spent and distribution among the products purchased, as observed in the Survey of Household Spending. Since the previous basket update in 2009 (based on 2005 SHS), consumer spending among the sub-sample of SHS respondents used to calculate the Post Index weights has shifted (Table 4). Average spending increased steadily for food, transportation, communications, and domestic help, while there were decreases in average spending on personal care supplies, reading and recreation, clothing and home furnishings, tobacco and alcohol. On the other hand, the relative proportion of expenditures (weights) stayed the same or increased for food, household supplies, reading and recreation, transportation, communications and domestic help while shifting down for the remaining categories: personal care supplies, clothing and home furnishings, and tobacco and alcohol.

Table 4
Relative Weights 2001 vs. 2005 vs. 2019

	2001	2005	2019
	amount spent (Canadian dollars)		
Food purchased from stores and restaurants	8,591	9,106	12,892
Personal care supplies and services, maintenance and repairs	1,628	1,763	1,529
Household supplies services	1,627	1,678	2,484
Reading and recreation	4,416	4,457	3,737
Clothing and home furnishings	3,924	4,179	5,829
Transportation and communications	12,001	12,755	17,607
Tobacco and alcohol	1,289	1,422	1,970
Domestic help	424	418	505
Total	33,900	36,768	46,554

3.3 Post purchasing patterns

Local outlets

The majority of purchases are normally made in **local outlets** at each post. At some locations, purchases of gasoline are available to some Canadian expatriates **exempt from sales or value-added taxes**. These goods and services are distinguished from purchases made at full retail value during data processing.

As Ottawa

A percentage of every index is automatically treated "**As Ottawa**", as per agreement through the NJC deliberation process. The index for this part of the Post Index is set at 100.

The most important component treated in this manner is the purchase, depreciation and re-sale cycle of automobiles. The NJC has agreed that this component of the Post Index be based on the principle that Canadians serving abroad are no worse off for this cycle of capital expenditures than they would be had they remained in Canada.

This determination is based on two premises:

1. Under the provisions of FSD 15, a vehicle may be shipped to post, under certain conditions, at no cost to the employee and therefore costs related to the purchase of that vehicle are those of Ottawa.
2. In many locations, vehicles may be purchased free of taxes or duties and may have a lower capital cost than the same vehicle in Ottawa. Further, in some countries, these duty-free vehicles can be sold on the 'open' market and, even after a typical three-year posting, the selling price may exceed the original purchase cost.

Despite circumstances where this approach may not be reasonable, for example in countries where right-hand drive vehicles are used, every Post Index is subject to this same treatment.

In posts where crown owned/leased housing or other shelter allowances are provided, household maintenance costs, legal services, and household items such as rugs, small electrical appliances or equipment, etc., also are treated **“As Ottawa”**.

This fixed amount of “As Ottawa”, set at 100, means that every Post Index contains some components that are taken to be at Ottawa price levels. Therefore, even in cases where all purchases are made from local retailers at a post, the overall Post Index level does not solely reflect those local-to-Ottawa price ratios. All Post Indexes will reflect some reduction because of the “As Ottawa” portion of the Index.

3.4 Prices

Information from the Survey of Household Spending, supplemented by successive Post Index survey intelligence enables Statistics Canada to recommend goods and services to be included or replaced in the Post Index basket.

It is much easier to compare the prices of most consumer products between two cities in Canada than it is between a foreign post and Ottawa. Within Canada, matching brands, sizes and quantities can usually be found and prices are already in Canadian dollars. On the other hand, adjustments for package and container weights and measures are often necessary for Post Index purposes, and, when post personnel pay for goods and services in foreign currencies, exchange rates must also be considered.

It is neither necessary nor possible for the basket to include all products purchased within the range of categories of goods and services shown in Table 1, above. A careful selection of key representative goods and services ensures that the Post Index reflects price differences for a much wider range of products than is sampled. For example, the Post/Ottawa price difference for towels may be a good indicator of the price difference that exists for linens and bedding products overall and be sufficient for this purpose.

Some important criteria and considerations for designing a basket of goods and services includes:

- The good or service should be universally available (or nearly) at all locations because the same survey will be conducted at all posts. Availability may be a particularly constraining consideration in establishing baskets for international price comparisons because of the wide variation in markets, climates and products.
- The good or service should be one commonly purchased by Canadians and have some significance in total household expenditures. Bread and gasoline are two examples of goods that meet these requirements. Diamond necklaces and shoelaces do not. Diamonds are not frequently purchased, if at all, and shoelaces have little significance in the value of total household expenditures.
- The good or service should be easy to identify and conform to a reasonably precise description. Most price collection for a Post Index survey is undertaken by personnel at the post and not by trained price collectors. As a result, item specifications tend to be focused on basic items. For example, in the case of clothing, items such as suits are avoided due to the wide variety of quality differences (styles, materials, etc.) in the marketplace.

- Finally, items are neither included nor excluded on the basis of moral or social judgments. People may regard the inclusion of tobacco or alcohol products as socially undesirable or harmful however they are included because they continue to represent a significant proportion of reported average household expenditures.

4 The Post Index Survey

A Post Index survey is conducted at each foreign post. Due to the global COVID-19 pandemic, Post Index surveys were suspended starting in March 2020 and resumed in January 2023. The task of collecting prices and other data is shared by personnel of all departments at the post. Survey questionnaires and instructions are forwarded to the post by Statistics Canada in consultation with the department responsible for coordinating the survey.

4.1 Pricing schedules

Pricing schedule questionnaires are used to collect actual prices paid by post personnel for goods and services and to identify the currency and the name of the stores, outlets or retailers where they shop.

Typically, prices from sources used by post personnel, include a minimum of three local outlets.

There are 24 pricing schedule questions used to collect prices (Table 5).

Table 5
Pricing schedules

Goods or services priced	Question number
Fresh or frozen meats	1
Dairy products	2
Groceries	3 to 4
Frozen foods	5
Fresh fruits and vegetables	6
Personal care supplies	7 to 8
Household supplies	9
Alcoholic beverages and cigarettes	10
Motor vehicle operations costs	11 to 13
Recreation equipment	14
Clothing	15
Household furnishings and equipment	16 to 17
Household and personal care services	18
Entertainment services	19
Communications	20
Meals in restaurants	21 to 22
Insurance	23 to 24

5 Processing price data

The following steps are used to calculate the index:

- An average price is calculated for each good or service. This average price calculation includes adjustments for measures and sizes.
- The average price for each good or service is converted to Canadian dollars using the exchange rate in effect for each applicable currency at the time the survey was conducted.

- c. Each average price is compared to the average price in Ottawa, expressed as a ratio. For example, a ratio of 2.0 for a particular product would indicate that the post price is twice the prevailing price in Ottawa.
- d. These item price ratios are then multiplied by the good or service weight, or relative importance, based on the SHS expenditures.
- e. The results are combined or aggregated across all items to produce the index.

6 Monthly monitoring of the Post Index

Once established, Post Indexes are subject to monthly monitoring, to ensure their continuing validity during the year. Three factors are considered:

1. Inflation in prices at the post.
2. Inflation in Ottawa prices.
3. Exchange rate fluctuations relative to the Canadian dollar.

If as a result of monthly monitoring, Statistics Canada determines that exceptional circumstances exist at the post, this may result in a change to the post index between annual reviews.

6.1 Exchange rates

Since post personnel pay for most goods in foreign currencies, exchange rates must be used to convert prices to Canadian dollars. Various types of exchange rates may be obtained for the same currency, e.g., “official rate”, “commercial rate”, “tourist rate”, “parallel rate”, “free market rate”, so it is imperative to identify the actual exchange rate obtained by post employees. “Black market” rates are never used because post employees are not permitted to exchange funds at these rates.

The average monthly exchange rate for all currencies used in each Post Index are calculated.

Exchange rates primarily come from two sources:

- a. Bank of Canada – daily average rates
- b. Bloomberg – daily average rates

When a currency used by employees is not included in the above two sources, some posts may be required to submit a monthly report to Statistics Canada confirming the minimum and maximum rate actually received by employees at the post, as well as the rate most frequently received during the month.

6.2 Inflation factors

Information on price change in Ottawa and at the post is based on the most recent inflation indicators available from host country national statistical indicators (Consumer Price Index (CPI) or similarly named indexes) or official international organizations that monitor price movements such as Eurostat and the International Monetary Fund. The CPI used for Ottawa is retrieved from [CPI Publication 18-10-0004-01](#) at Statistics Canada.

6.3 Monthly movements

The application of the three factors in the monthly monitoring of each Post Index can be demonstrated for purchases made on the local market. Calculations are carried out in four steps each month.

1. The inflation rate change at the post (factor 1) and in Ottawa (factor 2) are calculated and expressed as a ratio.
2. The change in the value of the local currency between the post and Ottawa (factor 2) is calculated (exchange rate change).
3. The inflation rate change ratio and exchange rate change are applied to the post’s local outlet index from the previous month to produce a projected local outlet index.

4. The projected local outlet index is weighted by the importance of the local source in the Post Index (64% in this case) to produce the updated local outlet index.

Figure 1
Sample updated, monthly movement calculation, post local outlet index

	Step 1		Step 2		Step 3		Step 4		
Post local outlet index	Post inflation change ÷ Ottawa inflation change		Exchange rate change		Projected local outlet index		Source weight		Local outlet index
150	$(1.10 \div 1.02) = 1.078$	x	0.89	=	144	x	0.64	=	92

Where:

- Post inflation change: The local rate of inflation is 10% (or a ratio of 1.10) since the last survey.
- Ottawa inflation change: The rate of inflation in Ottawa is 2% (or a ratio of 1.02) since the last survey.
- Exchange rate change: The local currency is worth only 89% of its value in terms of the Canadian dollar at the time of the last survey (that is, the Canadian dollar has strengthened relative to the local currency).

The projected local outlet index (144) is lower than it was at the time of the survey (150) because the local currency devaluation has exceeded the difference in the rate of inflation between the post and Ottawa. In other words, the Canadian dollar has appreciated by 12.4% ($1.00 \div 0.89$) while the net inflation changed by only 7.8%. The final factor applied to the local outlet index is 0.9594 (1.078×0.89), or a 4% decrease.

The current month's Post Index will have 92 index points generated from local outlets compared to 96 points at the time of the survey.

7 The Post Index and the Post Living Allowance (PLA)

Employing departments are responsible for the application of the Post Index to salary ranges to determine the PLA amount, in accordance with prescribed allowance tables outlined in FSD 55 – Post Living Allowance. The percentage of salary that is adjusted by the Post Index depends on the salary range of each post employee. Engel's Law, an economic theory introduced in 1857 by German statistician Ernst Engel, states that as household income increases, the relative percentage of income spent on food and other products included in the Post Index basket of goods and services decreases or remains the same. An adjustment factor, calculated annually by the team responsible for the Survey of Household Spending, is applied in the formula used to calculate the PLA (FSD 55 – Post Living Allowance - Appendix A - Annual Post Living Allowance – Nominal Salary).

7.1 Purchasing power equal to Ottawa maintained

The most frequent issue raised by post personnel is the loss of allowance dollars, experienced when a Post Index decreases. While the amount of Canadian dollars provided in the PLA does decrease when a Post Index decreases, it is important to note that this does not mean that the purchasing power required to obtain the PI goods and services at a foreign post is diminished, as compared to Ottawa.

At all levels, for any given Post Index, the amount of currency needed for purchases made in \$CAD remains fixed.

7.2 Retroactive adjustments to the Post Index

The NJC has decided that retroactive adjustments to Post Indexes will apply in cases involving the use of erroneous exchange rates, for example, when currency revaluations or devaluations occur suddenly, without enough time for Statistics Canada to implement the new rates prior to publication. If, after an Index has been published, it is determined that an erroneous rate of exchange was applied in the calculations, that PI will be revised retroactively.

Retroactive changes to Post Indexes also occur if it is discovered that Statistics Canada has made an error, such as with survey data processing or monthly review calculations. Likewise, if after the fact, clarification of a particular situation by a department results in changes to the PI level, Post Indexes will be revised from the time that either the error occurred or situation was in effect.

Finally, Post Indexes can be released retroactively if a department identifies a location where personnel are already in place but there is no Post Index for that location. These PIs are effective from the time that posted personnel arrived at the post.

8 Post Indexes where Statistics Canada surveys are not conducted

Statistics Canada does not normally conduct Post Index surveys at posts where there five or less Canada based staff members both for statistical reasons and limited post resources. For these small posts, the required Post Index is “linked” to an existing Post Index in a nearby location and uses that index, unless no suitable link option has been identified. Members at these posts have the option to complete a survey, in which case these data will be used to establish a post index.

9 General comments

The Post Index is an indicator founded on standard statistical concepts and procedures. It was designed for a very specific purpose: to ensure, as much as possible, that Canadian government employees serving outside the country are placed in neither a more nor less favorable financial situation than they would be serving in Ottawa. Other FSD provisions are designed to provide incentives for personnel serving abroad.

As a measure of price differences between locations, the Post Index can be regarded as an attempt to represent and compare the many thousands of retail transactions made each month by foreign post personnel and their counterparts at headquarters. The Post Index does have limitations. It is based on retail prices reported by Canadians performing a temporary diplomatic or military role in a foreign country. It does not represent experiences of expatriates who may be serving under different arrangements. It cannot, for example, measure differences in living costs that any particular family experiences when going outside Canada.

It is unrealistic to ascribe the Post Indexes a degree of precision that goes beyond the real-life limitations imposed by both statistical theory and the constraints of the data on which they are based. Nonetheless, it serves as a general measure of the effect of price differences, exchange rate fluctuations and inflation on the purchasing power of the foreign service community; and that is what its purpose is.

Appendix: Frequently Asked Questions (FAQ)

1. What is the Post Index (PI)?

- ▶ The Post Index (PI) compares the price of a selection or “basket” of goods and services in Ottawa to the price of the same basket of goods and services at a foreign post, at a given point in time.
- ▶ Since Ottawa is the reference city, its PI is set to 100. To estimate the PI at a foreign post, a sample of goods and services and their prices are collected from the foreign post and are then compared to the prices of a similar basket of goods and services in Ottawa. The resulting index provides an indicator of the difference in costs in the foreign post compared to the costs in Ottawa.

For example, in June 2017 the PI for Berlin, Germany was 119; this estimate is interpreted as meaning that the cost of a given basket of goods and services in Berlin was 19 percent higher than its cost in Ottawa.

- ▶ [The Guide to the Post Index](#) provides detailed information on Post Indexes.

2. What is the PI used for?

- ▶ The PI is used to support the payment of a post living allowance to individuals who work abroad for the federal government under the provisions of Foreign Service Directives (FSD), the Military Foreign Service Instructions (MFSI), and the Technical Assistance Regulations (TARs). The Post Living Allowance (PLA) is intended to provide employees with the same purchasing power as that of their counterparts in Ottawa. The amount of the PLA is based on the PI.
- ▶ The National Joint Council's (NJC) Foreign Service Directive ([FSD 55 – Post Living Allowance \(PLA\)](#)), provides instructions for determining the PLA, including the formula for calculating the allowance using the PI.
- ▶ Applied to salary ranges, the PI equalizes the purchasing power of the portion of the employee's salary that is used to purchase the PI "basket" of goods and services.

3. Who uses the PI?

- ▶ The Canadian government employs individuals in more than 400 locations outside Canada which include:
 - ◆ employees serving under the terms and conditions of the Foreign Service Directives (FSDs).
 - ◆ persons working under the provisions of the Foreign Assignment Directive (FAD); and
 - ◆ Canadian Forces members serving outside the country either under the terms and conditions of the Military Foreign Service Instructions (MFSIs) or the Foreign Service Directives (FSDs).

4. How does the PI differ from other private sector price indices?

- ▶ The PI was designed to meet a very specific purpose, to support FSD 55 - Post Living Allowance. This directive assists employees where the cost of living is higher than in Ottawa by providing an allowance to compensate for higher costs for goods and services at the post which are not compensated for in other directives. As such, certain expenses such as housing, daycare and education are not included in the calculation of the PI.
- ▶ FSD 55 explains the PI, used in the calculation of the Post Living Allowance, and the Government Allowance Section of Statistics Canada is responsible for PI computation.
- ▶ [The Guide to the Post Index](#) provides detailed information on Canadian Foreign Post Indexes.

5. What are the primary sources of information used to calculate the PI?

- ▶ There are three primary sources of information used to calculate the PI
 1. [Canadian Foreign Post Indexes Survey data](#) – as collected by Statistics Canada.
 2. Exchange rates from:
 - Bank of Canada
 - Bloomberg
 Some posts may be required to submit a monthly report to Statistics Canada confirming the minimum and maximum rate actually received by employees at the Post, as well as the rate most frequently received during the month.
 3. Consumer Price Index (CPI), or comparable indexes, from official statistical offices or official international organizations that monitor price movements, such as the International Monetary Fund.

6. What is a Consumer Price Index (CPI)?

- ▶ A Consumer Price Index (CPI), or similarly named index, is an indicator of changes in consumer prices. It is obtained by comparing the cost of a specified selection or "basket" of goods and services purchased by consumers over time. CPIs are widely used as an indicator of the change in the general level of consumer prices or the rate of inflation.

7. How often are surveys conducted?

- ▶ A Post Index Survey is completed at each eligible post annually.

8. How is the survey data collected at the post?

- ▶ Once the survey is issued by Statistics Canada, the task of collecting prices and other data is shared by the personnel of all departments at the post.
- ▶ A contact at the mission receives specific instructions from Statistics Canada on how to proceed with data collection at the post.

9. Can copies of responses sent to Statistics Canada be provided to the mission?

- ▶ No. Any data collected by Statistics Canada, including Information from Canadian citizens posted to foreign locations, is protected under the *Statistics Act* once received by Statistics Canada.
- ▶ For more information on prohibition against divulging information, consult section 17 (1) of the *Statistics Act*, Revised Statutes of Canada, 1985.

10. Why does the PI change?

- ▶ The PI can change as a result of a new survey.
 - ◆ Results of a new survey
 - A survey conducted at the foreign post may result in a change in the PI as the new data will reflect actual current prices (how much goods and services cost).

11. Why has the PI decreased after the latest survey, despite increasing local prices and/or strengthening of the local currency relative to the Canadian dollar?

- ▶ While nominal increases to local prices can be indicative of local inflation, it is important to remember that most Canada based staff posted abroad are paid in Canadian dollars. A PI uses exchange rates to Canadian dollars and prices in Ottawa as their base. Local price increases at a post tend to occur in conjunction with devaluation of the local currency. Therefore, even though local prices seem to increase, it is likely the rate of exchange moves in favour of Canadians posted abroad as the buying power of the Canadian dollar on the local economy may be increasing relative to local inflation. When the local currency strengthens relative to the Canadian dollar, it is likely to impact the PI.
- ▶ Post Indexes are subject to a monthly review, or tracking process, to assess their continuing validity.

12. What is the source of CPI's and exchange rates used to calculate a PI?

- ▶ Currency exchange rates and CPIs are collected by Statistics Canada from national statistical agencies, central banks, and other internationally recognized bodies such as the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the World Bank.
- ▶ The Bank of Canada (BoC) and Bloomberg are the primary sources of exchange rates.

13. The PI for the post has not changed or dropped, however prices at post have been increasing weekly. How can this be?

- ▶ In the months between surveys, the monthly review of the PI considers the following three elements. These must all be considered when interpreting the resulting PI.
 1. fluctuations in exchange rates relative to the Canadian dollar,
 2. inflation in Ottawa prices, and
 3. inflation in prices at the post as indicated by CPI's.

- ▶ For example, inflation at the post may be the same as inflation in Ottawa. Fluctuations in exchange rate will impact the index. If the exchange rate for the local currency increases, the Canadian dollar will have more purchasing power at the post. An increase in local prices may be offset by the increased value of the Canadian dollar, resulting in no change to the post index. The value of the Canadian dollar may even increase enough to result in a drop in the post index.

14. The mission has recently experienced high employee turnover. Is the latest survey still representative?

- ▶ Yes, the latest survey continues to be representative of costs at the post compared to costs in Ottawa.

15. What does “effective date” mean?

- ▶ The Canadian Foreign Post Indexes tables contain several variables, including the variable “effective date” which usually reflects the month and year the index became applicable.
- ▶ If a new location is identified where personnel are already in place but for which a PI does not exist, those PIs are released retroactively and are effective from the time that posted personnel arrived at the post.

16. I cannot find the answer to my question in these FAQ’s or The Guide to the Post Index. Who can I contact?

Department

Global Affairs Canada

Global Affairs Canada (employees under provisions of the Foreign Assignment Directive)

Canadian Armed Forces

Organizational e-mail

FSD.Allowances-Indemnites.DSE@international.gc.ca

FinancialPolicies-GrantsandContributions@international.gc.ca

DCBA4ForeignServices-ServiceaetrangerDRASA4@forces.gc.ca

Additional Resources

Foreign Service Directives:

[Foreign Service Directives : April 1, 2025](#)

Military Foreign Service Instructions:

[Chapter 10 - Foreign Services Instructions](#)

Canadian Foreign Post Index:

[Canadian Foreign Post Indexes](#)

The Guide to the Post Index:

[The Guide to the Post Index](#)