Employment-related income and wages statistics:
Concepts, definitions and classifications

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Topics

- Background (objectives, uses, functions, international standards, etc.)
- Concepts of employment-related income and cost of labour from worker and employer perspective
- Component approach
- Concepts, definitions and related classifications:
  - Wages
  - Wage rates
  - Earnings
  - Employment-related income
    - Income related to paid employment
    - Income related to self employment
  - Compensation of employees
  - Labour cost
  - Working time
Objectives and uses of employment-related income and wages statistics

• **Key objective** is to provide information on:
  – Wage and employment-related income **levels**
  – Wage and employment-related income **trends**

• **Uses:**
  – Measurement of level of living of workers
  – Wage fixing
  – Collective bargaining
  – Economic indicators
  – Income distribution studies
  – Empirical data and wage theories
  – Economic, social and manpower planning, research, analysis
  – Wage, income and price policies
Different income concepts relate to different functions

- As a price of labour
  - Concepts: Wage rates

- As the employment income (wellbeing) of workers
  - Concepts: Earnings, employment-related income related to paid employment and to self-employment

- As a cost to the employer (firm costs, revenues, profits)
  - Concepts: Labour cost, compensation of employees

No unique concept applicable to all circumstances

Use a component approach
Relationship between employment-related income and cost of labour

- Employment-related income (worker-perspective concept)
- Cost of employing employees (employer-perspective concept)

Both income to employees and cost of labour to employers

Employment-related income of self-employed workers and employees which is not cost of labour to employers

Employer cost of labour which is not income to employees
Measuring wages concepts and employment-related income

- Has been discussed in international conferences since 1923

- 6 different international statistical concepts:
  - Wage rates (12th ICLS, 1973)
  - Earnings (12th ICLS, 1973)
  - Compensation of employees (SNA, 1993)
  - Labour Cost (11th ICLS, 1966)
  - Income related to paid employment (16th ICLS, 1998)
  - Income related to self employment (16th ICLS, 1998)

- Why so many? Different perceptions of income
Different perceptions

• Depend on who you are
  – Employee, employer, government planner, policy maker, journalist, research worker, teacher, etc.

• Depend on what you want to do
  – Fix levels of wages
  – Compare standards of living
  – Fix contributions to social security
  – Set income tax rates, etc.

• Depend on why you want to do it
  – Redistribute income, improve levels of living, generate tax revenue, reduce costs, etc.
Issues of debate

• Should income include social security benefits?
• If yes, which social security benefits: health, unemployment, pensions?
• Should income include only regular bonuses or all bonuses?
• Should income include employer’s costs of employing labour?
• How to valuate income in kind: by the price in the market or the cost to the employer?

No unique concept applicable to all circumstances
Concepts of employment-related income and cost of labour from worker and employer perspective

**Concepts related to income from employment (workers’ perspective)**

- **Employees:**
  - Wage rates
  - Earnings
  - Income related to paid employment

- **Self-employed workers (includes some employers):**
  - Income related to self-employment

**Concepts of cost to employing labour (employers’ perspective)**

- **Employers:**
  - Wage rates
  - Compensation of employees
  - Labour cost*

*Excludes employers’ imputed social contributions included in compensation of employees
# The Component Approach

## Components

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## Basic pay

- Workers’ social security contributions
- Employers’ social security contributions
- Profit-related pay
- Pay for time not worked
- Pay in kind
- Irregular bonuses
- Allowances
- Bonuses paid every pay period
- Bonuses paid less frequently
- Vocational training and other labour costs

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International Labour Office
Department of Statistics
Definition of wages (C95, Article 1)

“In this Convention, the term wages means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered.”

Note: ICLS statistical standards differentiate between wage rates and earnings (12th ICLS, 1973)
Key highlights:

- Allows partial payment of wages as allowances in kind
- Deductions permitted only according to laws, regulations, collective agreement or arbitration award
- Wages assigned only in a manner and within limits prescribed by national laws or regulations
- Wages shall be paid regularly

For more information, see ILO C95 Protection of Wages Convention, 1949 and C173 Protection of Workers' Claims (Employer's Insolvency) Convention, 1992; web links:

http://www.ilo.org/ilolex/cgi-lex/convde.pl?C095
http://www.ilo.org/ilolex/cgi-lex/convde.pl?C173
Definition: Wage rates include basic wages, cost-of-living allowances and other guaranteed and regularly paid allowances.

- Wage rates exclude: overtime payments, bonuses and gratuities, family allowances and other social security payments made by employers. *Ex gratia* payments in kind, supplementary to normal wage rates, are also excluded.

- Data on time rates of wages should relate to an appropriate time period such as the hour, day, week, month or other customary period used for purposes of determining the wage rates concerned.

• Price of labour per unit of time or output
  – Time rates of wages – paid by unit of normal working time (e.g. hours, day, week, month, year)
  – Piece wage rates – paid by unit of output
    • Applied to individual workers or to teams of workers
    • Differential piece rates may exist

• Relates to the income associated with a job, not with the worker

• Similar to a price quotation
Wage rates

Adopted by the 12th ICLS in 1973

Basic pay

Allowances

Relates to the price of labour per unit of time or output - as negotiated between employees and employers

Pay in kind
• Wage rate data may reflect:
  – Wages rates fixed by law, regulation, collective agreements, arbitral awards (usually scales) OR
  – Actual wage rates paid

*Note: actual wage rates paid may differ from fixed wage rates*
**Definition:** The concept of earnings, as applied in wages statistics, relates to remuneration in cash and in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays.

- **Earnings exclude:** employers’ contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.

(For more information, see the Resolution concerning an integrated system of wages statistics, adopted by the Twelfth International Conference of Labour Statisticians); web link:

Gross earnings concept

• Earnings should relate to employees’ gross remuneration

• Gross remuneration = total earnings before deductions:
  – by employer for taxes
  – contributions of employees to social security, pensions, life insurance premiums, union dues etc.
Earnings

Basic pay

Adopted by the 12th ICLS in 1973

Bonuses paid every pay period

Bonuses paid less frequently

Allowances

Pay in kind

Pay for time not worked

Profit-related pay

Relates to pay which is regularly provided by employers to employees

International Labour Office
Department of Statistics
Earnings are comprised of four components:

1. Direct wages and salaries (in cash)
2. Remuneration for time not worked (in cash)
3. Bonuses and gratuities (in cash)
4. Payments in kind

Earnings component 1:
Direct wages and salaries (in cash)

1. Direct wages and salaries (in cash) consists of:

1. Pay for normal work time
2. Premium pay for overtime and holiday work
3. Premium pay for shift work, night work, etc., where these are not treated as overtime
4. Incentive pay (production bonuses, etc.)
5. Other regularly paid bonuses
6. Family allowances paid directly by employer
7. Cost of living allowances paid directly by employer
8. House-rent allowance paid directly by employer
2. Remuneration for time not worked (in cash) consists of:

1. Annual vacation and other paid leave, including long-service leave

2. Public holidays and other recognized holidays

3. Other time off granted with pay
Earnings component 3: Bonuses and gratuities (in cash)

3. Bonuses and gratuities (in cash) consists of:

1. Year-end, seasonal and other one-time bonuses

2. Profit-sharing bonuses

3. Additional payments in respect of vacation, supplementary to normal vacation pay, and other bonuses and gratuities
Earnings component 4: Payments in kind

4. Payments in kind consists of:

1. Payments in kind for food and drink
2. Payments in kind for fuel (coal, coke, electricity, gas, etc.)
3. Imputed rental value of free or subsidised housing
4. Other payments in kind (e.g. footwear, clothing)
**Employment-related income, 16th ICLS, 1998**

**Definition:** Employment-related income consists of the payments in cash, kind or services received by individuals, for themselves or in respect of their family members, as a result of their current or former involvement in paid or self-employment jobs.

- **Excludes** income derived from other sources such as property, social assistance, transfers, etc. not related to employment.

- **Coverage:**
  - All persons employed (according to 13th ICLS, 1982)
  - Where feasible, working children should be covered
  - Further coverage: the unemployed and not economically active persons with incomes from former employment.

- **Definition and measurement differentiation:**
  - Income related to paid employment
  - Income related to self-employment

- For more information, please see the Resolution concerning the measurement of employment-related income, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998); web link: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087490.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087490.pdf)
Definition: Income related to paid employment, 16th ICLS 1998

- **Definition:** Income related to paid employment consists of all payments and benefits in cash, kind or services, which are received, over a given reference period, by individuals for themselves or in respect of their family members, by virtue of their involvement in current or former paid employment jobs.

For more information, please see the Resolution concerning the measurement of employment-related income, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998); web link: 
Income related to paid employment, 16th ICLS, 1998

• Most comprehensive measure of the level of remuneration of employees
• Clarifies the content of income components
• Includes all payments related to the status of paid employee, including:
  – Irregular payments
  – Payments from current job and from previous jobs
  – Payments by current or previous employers
  – Payments by social security schemes, whether private or public
Income related to paid employment includes four components:

1. Total cash remuneration
2. Value of remuneration in kind and services
3. Profit-related pay
4. Employment-related social security benefits
   - Directly from employer
   - From social security or compulsory insurance schemes
   - From the State Payments in cash, kind or services for work done
Income related to paid employment
Component 1: Total cash remuneration, 16th ICLS, 1998

Component 1: Total cash remuneration covers:

(i) **direct wages and salaries in cash for time worked and work done**, including all incentive, shift and premium pay; cost-of-living, housing, transport, language and similar allowances; hardship, mobility, non-resident, expatriation, repatriation, post adjustment and similar allowances; contractual and non-obligatory regular bonuses and premiums; tips and commissions; payments for odd jobs and duties and casual work. They also include fees and salaries of managerial staff; remuneration of trainees and apprentices; and other components of direct wages and salaries;

(ii) **remuneration for time not worked comprises**: annual vacation and other paid leave; public holidays and other recognized holidays; temporary halt or slow-down of production, short-time working; other time off granted with pay; paid sick leave (where not regarded as social security benefit); severance and termination pay (where not regarded as social security benefit);

(iii) **cash bonuses and gratuities include**: all bonuses and gratuities, whether contractual or noncompulsory bonuses and premiums, year-end and seasonal bonuses; exceptional payments for innovative ideas or work methods; and similar ad hoc payments.
Component 2: Remuneration in kind and services includes:

- traditional payments such as food, drink, fuel, clothing, footwear, etc.;
- the imputed rental value of free or subsidized housing;
- petrol and/or mileage allowance or the imputed value of free or subsidized similar benefits;
- the imputed value of business vehicles for employees’ private use, telephone, electricity and similar utilities;
- free or subsidized transport to and from work and free car parking;
- the value covered by the employer of: union, association and club fees, nurseries for employees’ children, low- or zero-interest loans, subsidized mortgages, etc.;
- the value of output from employer’s process of production;
- the value of other payments in kind, including flexible benefits and other compensation packages for employees.
Component 3: Profit-related pay comprises:

- traditional profit-sharing bonuses;
- current receipts from profit-related schemes;
- savings-related share option schemes and similar schemes;
- the initial market value of shares distributed to employees;
- other profit-related receipts.
Component 4: Employment-related social security benefits include:

(i) current receipts from the employer: e.g. family, dependants’ and similar allowances; educational allowances; payments in respect of absence from work due to sickness, maternity, occupational injury or disease, etc.; payments in respect of temporary or partial lay-off or unemployment; as well as compensation for medical expenditure, provision of free health care and other social security payments received from the employer;

(ii) current employment-related social security benefits received from social security or compulsory insurance schemes or the State: e.g. family, dependants’, educational and similar allowances; payments in respect of absence from work due to sickness, maternity, occupational injury or disease, etc.; payments in respect of temporary or partial lay-off or unemployment; as well as compensation for medical expenditure, provision of free health care and other social security and assimilated payments for which the employment status is a condition of receipt;

(iii) current social security benefits received as a result of former employment: e.g. unemployment compensation; severance, termination and redundancy pay; occupational and retirement pensions and assimilated benefits.
Net income related to paid employment: is derived by deducting employees’ direct taxes, union dues and other obligations from gross income to paid employment.

Income related to paid employment excludes:

• family allowances and other social security benefits or assistance, when paid by social security schemes or the State without regard to the employment status;

• indemnities or allowances in cash and in kind paid by the employer purely to cover the employees’ cost of work-related expenditure (e.g. tools, equipment, clothing or footwear used exclusively or mainly at work, special housing and meals necessitated by exceptional working conditions, reimbursement of business travel and accommodation expenses, medical examinations or health checks required because of the nature of the work, etc.).

• employers’ contributions to social security funds, insurance or other institutional units responsible for social insurance schemes (avoids double counting when such contributions benefit employees).
Income related to paid employment

- Allowances
  - Bonuses paid every pay period
  - Bonuses paid less frequently

- Basic pay
  - Workers' Social security contributions

- Social Security Benefits received from employer

- Social security benefits from Social Security schemes

- Pay in kind

- Pay for time not worked

- Irregular bonuses

Adopted by the 16th ICLS in 1998

Relates to all income accruing to employees by virtue of their current or former paid job

International Labour Office
Department of Statistics
Definition: Income related to self-employment is defined as the income which is received, over a given reference period, by individuals, for themselves or in respect of their family members, as a result of their current or former involvement in self-employment jobs.

- For this purpose, the self-employed are primarily the sole owners, or joint owners, of the unincorporated household enterprises in which they work, according to the SNA definition.

- They may also include the owner-managers of corporations and quasi-corporations, according to the ICSE-93.

For more information, please see the Resolution concerning the measurement of employment-related income, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998); web link: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087490.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087490.pdf)
Gross income related to self-employment includes:

(a) the profit (or the share of profit) which is generated by the self-employment activity;

(b) where relevant, the remuneration received by owner-managers of corporations and quasi corporations; and

(c) the amount of employment-related social security benefits received by self-employed persons through schemes recognizing the status in employment as a specific condition for membership.
• Gross profit (or the share of profit) of unincorporated household enterprises ("gross mixed income" in the SNA) is the value of gross output less operating expenses, where:

  - the value of gross output may be defined as the value of all goods and services produced for the market as well as for own final use; and

  - operating expenses comprise three types of business expenditure:
    (a) intermediate consumption (excluding purely personal or household expenditures),
    (b) compensation of employees payable, and
    (c) taxes on production payable, minus any subsidies received
Tips on measuring gross profit of self-employed-run enterprises, 16th ICLS 1998

• Profit should be recorded net of consumption of fixed capital, i.e. after deduction of the value of consumption of productive assets (i.e. structures, machinery and equipment, cultivated assets used to produce other products, etc.).

• Contributions of the self-employed to compulsory employment-related social security or retirement income schemes should be deducted from gross profit or mixed income, to avoid double counting of income.

• Profit of self-employed independently run enterprises vs. in partnership:
  – independent: the profit is both income generated by the enterprise and the entrepreneur’s individual income related to self-employment
  – in partnership: the profit represents a joint income thus income related to self-employment should correspond to the share of income received by each partner
Employment-related social security benefits received by the self-employed, 16th ICLS 1998

• Comprise those benefits paid through schemes organized by social security, insurance institutions or the State, which recognize the status in employment as a specific condition for membership

• Include the following benefits:
  – current employment-related social security benefits received from social security or compulsory insurance schemes or the State; and
  – current social security benefits received by individuals as a result of their former self-employment jobs
**Net income related to self employment:** is derived by deducting from gross income related to self-employment, personal direct taxes and other employment-related obligations.

**Income related to self employment excludes:**

- income related to paid employment, property income in the form of interest, dividends, income attributed to private insurance policyholders, rents and other forms of property income, as well as annuities, remittances, gifts, etc.

- family allowances and other social security benefits or assistance paid by social security schemes or the State without regard to the employment status
**Definition:** Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period.

- Used in the System of National Accounts
- Views compensation of employees as a cost to employer, thus:
  - Compensation equals zero for unpaid work undertaken voluntarily
  - Does **not** include taxes payable by employers on the wage and salary bill e.g. payroll tax
- Recorded on an accrual basis – may be paid in advance, simultaneously or in arrears of the period in which work is done

Main components of Compensation of employees, UN SNA 2008

- Two main components:

  1. Wages and salaries payable in cash or in kind

  2. Employers’ social contributions
     - Actual social contributions (pension and non-pension)
     - Imputed social contributions (pension and non-pension)
Compensation of employees Component 1:
Wages and salaries payable in cash or in kind

- **Wages and salaries in cash:**
  - Wages or salaries payable at regular intervals, allowances for overtime or unsocial hours etc.
  - Housing allowances, costs for travel to/from work
  - Wages or salaries for holiday leave, temporary production stoppage
  - Ad hoc bonuses – incentive schemes for performance of enterprise
  - Commissions, gratuities or tips

- **Wages and salaries in kind (common types):**
  - Meals and drinks provided on a regular basis
  - Housing services or accommodation
  - Services of vehicles or durables for use by employees
  - Goods and services produced by the employer
  - Sports, recreation or holiday facilities for employees and their families
  - Transportation to/from work, subsidized car parking
  - Childcare of children of employees
  - Stock options, i.e. giving an employee the option to buy stocks (shares) at some future date
• **Employers’ social contributions** are social contributions payable by employers to social security funds or other employment-related social insurance schemes to secure social benefits for their employees.

• **Note:** Transfer takes place between the employee and the social security scheme or other employment-related social insurance scheme out of remuneration provided by the employer.
Compensation of employees


Relates to all payments by employers to employees for work done (even if employees do not receive it.)

Basic pay

- Allowances
- Bonuses paid every pay period
- Bonuses paid less frequently
- Irregular bonuses
- Pay in kind
- Pay for time not worked

Employers' Social security contributions
Profit-related pay

Social security benefits received from employer

International Labour Office
Department of Statistics
**Definition:** Labour cost is the actual cost incurred by the employer in the employment of labour.

- Expressed as labour cost per hour worked
- Criterion for inclusion of an item as labour cost: benefit character to the worker as compared to the production process
- Worker coverage: all employees excluding managerial staff remunerated predominantly by a share of profits
- Taxes imposed on employment or payrolls: in countries where these are considered as labour cost, should be identified separately (net basis)

For more information, please see the Resolution concerning statistics of labour cost, adopted by the Eleventh International Conference of Labour Statisticians (October 1966); web link:
Labour cost is the cost to the employer of employing employees related to:

1. Direct wages and salaries
2. Remuneration for time not worked
3. Bonuses and gratuities
4. Food, drink, fuel and other payments in kind
5. Cost of workers’ housing borne by employers
6. Employers’ social security expenditure
7. Cost of vocational training
8. Cost of welfare services
9. Labour cost not elsewhere classified
10. Taxes regarded as labour cost (e.g. taxes on employment or payrolls)
1. Direct wages and salaries (work performed)
   1. straight-time pay of time-rated workers;
   2. incentive pay of time-rated workers;
   3. earnings of piece-workers (excluding overtime premiums);
   4. premium pay for overtime, late shift and holiday work.

2. Remuneration for time not worked (time paid for but not worked)
   1. annual vacation, other paid leave, including long-service leave;
   2. public holidays and other recognized holidays;
   3. other time off granted with pay (e.g. birth or death of family member,
      marriage of employees, functions of titular office, union activities);
   4. severance and termination pay where not regarded as social security expenditure.
3. Bonuses and gratuities

1. year-end and seasonal bonuses;
2. profit-sharing bonuses;
3. additional payments in respect of vacation, supplementary to normal vacation pay and other bonuses and gratuities.

4. Cost of food, drink and other payments in kind

5. Cost of workers’ housing borne by employers

1. cost for establishment-owned dwellings;
2. cost for dwelling not establishment-owned (allowances, grants, etc.);
3. other housing costs.
6. Employers’ social security expenditures

1. statutory social security contributions (for schemes covering: old age, invalidity and survivors; sickness, maternity; employment injury; unemployment; and family allowances);

2. collectively agreed, contractual and non-obligatory contributions to private social security schemes and insurances (for schemes covering: old age, invalidity and survivors; sickness, maternity; employment injury; unemployment; and family allowances);

3. (a) direct payments to employees in respect of absence from work due to sickness, maternity or employment injury, to compensate for loss of earnings;
   (b) other direct payments to employees regarded as social security benefits;

4. cost of medical care and health services;

5. severance and termination pay where regarded as social security expenditure.
7. Cost for vocational training (Includes also fees and other payments for services of outside instructors, training institutions, teaching material, reimbursements of school fees to workers, etc.)

8. Cost of welfare services
   1. cost of canteens and other food services;
   2. cost of education, cultural, recreational and related facilities and services;
   3. grants to credit unions and cost of related services for employees.

9. Labour cost not elsewhere classified
   1. cost of transport of workers to/from work payable by employer
   2. cost of work clothes
   3. cost of recruitment
   4. other labour costs

10. Taxes regarded as labour cost
    taxes on employment or payrolls (should be included on a net basis)
Labour Cost

Adopted by the 12th ICLS in 1966

Relates to the cost incurred by the employer in the employment of labour

Vocational training and other labour costs

Allowances

Bonuses paid every pay period

Bonuses paid less frequently

Basic pay

Social security benefits received from employer

Taxes regarded as labour cost

Employers’ social security contributions

Profit-related pay

Irregular bonuses

Pay in kind

Pay for time not worked

International Labour Office
Department of Statistics
Main Components of Five Wages Statistics Concepts

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<td>(1) Basic wages and salaries</td>
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<td>(2) Cost of living allowances</td>
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<td>(3) Other regular allowances</td>
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<td>2. Remuneration for time not worked</td>
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<td>(1) Annual vacation, other paid leave</td>
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<td>(1) Year-end and seasonal bonuses</td>
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<td>6. Social security, pensions, etc.</td>
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<td>(1) Direct payments by employer to employees regarded as social security payments</td>
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<td>(2) Employers’ contributions to social security schemes and pension schemes (statutory and other)</td>
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<td>(3) Imputed contributions of employer in respect of unfunded pension and other social security schemes</td>
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<td>(4) Current receipts from social security schemes organised on behalf of employees</td>
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<td>7. Employer’s cost for vocational training</td>
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<tr>
<td>8. Employer’s cost of welfare services</td>
<td>-</td>
<td>-</td>
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<tr>
<td>9. Employer’s other labour cost</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>10. Taxes regarded as labour cost (taxes on employment or payrolls)</td>
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</tr>
</tbody>
</table>

Legend:
+ = included
- = excluded

Notes:
/1 Net wages and salaries related to paid employment, that is, deducting employees’ direct taxes, union dues and other obligations from gross pay.
/2 Where not regarded as social security expenditure (as such, included under 6.)
/3 Including termination pay regarded as social security benefit. Including also assimilated payments in respect of former employees.
/4 Excludes grants to credit unions and cost of related services for employees which are covered by labour cost.
/5 Goods or services that employers must provide employees in order for them to carry out their work (e.g. special protective clothing) are treated as intermediate consumption, not compensation of employees. Costs of travel to and from work are however covered by compensation of employees but included under supplementary allowances (direct wages and salaries).
Article 9

1. Current statistics of **average earnings and hours of work** (hours actually worked or hours paid for) shall be compiled covering all important categories of employees and all important branches of economic activity, and in such a way as to be representative of the country as a whole.

2. Where appropriate, statistics of **time rates of wages and normal hours of work** shall be compiled covering important occupations or groups of occupations in important branches of economic activity, and in such a way as to be representative of the country as a whole.

Article 10

**Statistics of wage structure and distribution** shall be compiled covering employees in important branches of economic activity.

Article 11

Statistics of **labour cost** shall be compiled covering important branches of economic activity. Where possible, these statistics shall be consistent with data on employment and hours of work (hours actually worked or hours paid for) of the same scope.
Data requirements for employment-related income, 16\textsuperscript{th} ICLS

- Resolution concerning the measurement of employment-related income, adopted by the 16\textsuperscript{th} ICLS (1998) suggests the following data requirements:

  - For the measurement of the income-generating capacity of different jobs, there should be consistency between the data on employment in a given job and the data on income generated by that job. Data should therefore be collected on: (i) the characteristics of the job (industry, occupation, employment status), type of enterprise (individual enterprise, partnership, corporation, etc.), employment size and sector (e.g. informal or formal sector, public or private sector); (ii) the volume of labour input (duration of employment and time worked by all contributing persons); and (iii) the amount of income generated by that job.

  - In order to analyse the relationship between employment and the well-being of individuals, data are needed for each person: (i) separately on each main and secondary job carried out during the reference period; (ii) the income derived from each of these jobs; (iii) the socio-economic characteristics of individuals: age, sex, education and skill level, etc.; and (iv) any spells of unemployment or inactivity that an individual may have experienced during the given reference period.
Working time: comprises the time associated with productive activities (defined in the SNA) and the arrangement of this time during a specified reference period. It includes the time spent towards the production of all goods and services whether paid or unpaid.

Seven concepts of working time are associated with the productive activities of a person and performed in a job:

1. Hours actually worked, the key concept of working time, is the time spent in a job for the performance of activities that contribute to the production of goods and/or services during a specified short or long reference period. Excludes: Annual leave, public holidays, sick leave, and parental leave.

2. Hours paid for, linked to remuneration of hours that for paid employment jobs includes time paid but not worked such as paid annual leave, paid public holidays and certain absences such as paid sick leave. It excludes time worked but not paid by the employer. For a self-employment job paid on the basis of time units, hours paid for is equivalent to hours actually worked.
Seven concepts of working time (continued):

3. Normal hours of work: refer to legally prevailing collective hours;

4. Contractual hours of work: hours that individuals are expected to work according to contractual relationships as distinct from normal hours;

5. Hours usually worked: hours most commonly worked in a job over a long observation period,

6. Overtime hours of work: hours performed beyond contracts or norms; and

7. Absence from work hours: hours when working persons do not work.

For more information, see the Resolution concerning the measurement of working time, adopted by the Eighteenth International Conference of Labour Statisticians, 2008. Website:

Conclusions

• Key objective of wages statistics is to provide information on employment-related income and cost of labour levels and trends

• Multiple uses must be kept in mind when developing such statistics (level of living of workers, wage fixing, collective bargaining, wage and price policies, income distribution etc.)

• Wages statistics concepts have different functions: as a price of labour, and as employment income (wellbeing) of worker, and as a cost to the employer (firm costs, revenues, profits)

• Six different international statistical concepts exist: wage rates, earnings, compensation of employees, labour cost, income related to paid employment, and income related to self employment

• No unique concept applicable to all circumstances

• Data users should be informed of the basic components of each statistical concept, in order to interpret appropriately information on trends and levels


• See also ICLS resolutions, UN-SNA 2008 and ILO Conventions mentioned previously in this Power Point by topic
Questions

• What are the key purposes of wages and related statistics in Trinidad and Tobago?

• For which concepts are data compiled when measuring:
  – the price of labour
  – employment income (wellbeing) of workers
  – cost of labour to the employer

• Are these the appropriate concepts given today’s analytical and policy needs or should they be changed? How?

• What are current data requirements for the key measures, including, distribution measures, disaggregations by industry, occupation, status in employment, sex, etc.?

• Are these the appropriate data requirements given today’s analytical and policy needs or should they be changed? How?