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INTRODUCTION

1. Wages and related statistics serve an essential purpose in measuring and evaluating the progress made by nations in the realisation of the aims set out in the Preamble to the Constitution of the International Labour Organisation and in the 1944 Declaration of Philadelphia. The former refers inter alia to the provision of an adequate living wage to labour and to regulation of hours of work, including the establishment of a minimum working day and week. The Declaration on the aims and purposes of the ILO emphasised the solemn obligation of the Organisation to further among the nations of the world programmes which would achieve among other things, "policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection".

2. The ILO effort in establishing international standards in the field of wages and related statistics has a long history. The First International Conference of Labour Statisticians, held in 1923, adopted a resolution covering the types of statistics of wage rates or earnings to be compiled. Two Conferences of Statisticians convened by the Social Science Research Institute of the United States held at the ILO in Geneva in 1929 and 1930 respectively considered the question of wage data in conjunction with index numbers of wages and the problems of international wage comparison. The Fourth International Conference of Labour Statisticians (1931) adopted a series of resolutions regarding statistics of money wages to be collected for purposes of international comparison of real wages. The Fifth International Conference of Labour Statisticians (1937) formulated a draft Convention concerning Statistics of Wages and Hours of Work which was adopted by the International Labour Conference in 1938 as Convention No. 63.

3. The subject of wages statistics was taken up again after the Second World War by the Seventh International Conference of Labour Statisticians (1949) which adopted a resolution on Convention No. 63 and a resolution concerning the methods of obtaining statistics of earnings from payrolls of establishments. However, although the Eighth International Conference of Labour Statisticians (1954) adopted a resolution concerning the international comparison of real wages, the Tenth Conference (1962) laid down standards concerning statistics of hours of work and the Eleventh Conference (1966) adopted standards for statistics of labour cost, no general examination of standards in the field of wages statistics by an International Conference of Labour Statisticians has taken place since the adoption of Convention No. 63 in 1938.

4. Thus, the existing international standards on wages and related statistics have been set up at different times over the past fifty years; some of these standards are outdated while others embody recent thinking and experience on a given aspect of the subject. Convention No. 63, which has been ratified by thirty-one countries, continues to provide useful guidance in the field of wages statistics in general despite some gaps, shortcomings and inadequacies.

5. The international standards established through the resolutions of the International Conference of Labour Statisticians and Convention No. 63 are intended primarily to serve as a basis for improvement and expansion of national statistics of wages and for promotion of their international comparability. However, development of international standards in any field of statistics is a continuous process and requires continuous attention in order to meet emerging and new needs.

6. Although the past twenty-five years have witnessed great strides towards improvement of wages statistics in almost all countries, development has varied considerably from country to country in regard to the types, coverage and scope of wages data compiled. Countries with programmes covering all the main types of wages statistics, viz. statistics of earnings, wage rates, hours of work, wage structure and distribution and labour cost, are very few. Even within the same country, the development of wages statistics may vary from one sector of the economy to another. As a rule, wages statistics in agriculture are most deficient in quality and in the amount of data collected. In the case of a number of wages
statistics programmes sufficient attention has not been paid to establishing clear objectives nor to ensuring that uniform concepts, definitions, methods and procedures are used so that the various series and types of wages statistics compiled would be mutually consistent.

7. In recent years, the need for more complete and reliable information on wages and other forms of employee remuneration has grown in developed and in developing countries, especially in connection with problems of economic and social growth, income and price policies, questions concerning wage structure, manpower planning and labour utilisation, minimum wage regulations, social security, etc. In dealing with these problems, adequate statistical information is needed at the national level, as a basis for policy decisions. Such data in a form suitable for international comparisons are also needed for policy decisions at the international level in connection with devising a world-wide strategy for attacking these problems through an international co-operative effort.

8. The need to revise and broaden existing international standards in order to provide new guidelines for the production of adequate and internationally comparable statistics of wages and employee income, in both developed and developing countries, was recognised by the Governing Body of the ILO which, at its November 1967 session, decided to convene a Meeting of Experts with the following terms of reference:

"to review existing international standards of statistics of wages and employee income and to advise the Office on the preparation of new comprehensive draft international standards in the field".

9. The Meeting of Experts was held in Geneva from 14 to 24 October 1968 and comprised fourteen experts drawn from different areas of the world. The Office prepared for the use of the Meeting a working paper (WEI/1968/I) on objectives, uses, concepts and compilation of statistics of wages and employee income. Another paper (WEI/1968/II) provided background information on statistics of minimum wage rates. In its report, the Meeting of Experts gave a number of recommendations on the concepts and definitions for wages statistics programmes and certain aspects of the compilation of the data. The Meeting also outlined a general framework for a comprehensive system of wages statistics. After reviewing the objectives and uses of wages statistics, the Meeting came to the conclusion that information concerning the individual fields of wages needed to be expanded and made more comprehensive. But this by itself would not be sufficient: these statistics should also be compiled within the framework of an integrated system of wages statistics which would throw light on their inter-relationships. Hence, the concepts, definitions and methods of compilation of data in the different fields of wages statistics should be consistent.

10. The report of the Meeting of Experts was discussed by the Governing Body of the ILO in March 1969 and it was agreed that the conclusions of the Meeting be widely circulated. Copies were sent to statistical offices and to regional and international organisations for comments. The Office received 32 replies of which 26 came from various countries and 6 from international or regional organisations.

11. The Office subsequently made further studies on the subject of statistics of wages and employee income and in particular on agricultural wages statistics. The study on agricultural wages statistics was made with the assistance of external consultants from seven countries representing different regions of the world.

12. The recommendations of the Meeting of Experts and the comments received have been fully taken into account in the preparation of the present report; however, Chapter VIII dealing with statistics of wages and hours of work in agriculture is based mainly on the studies made by the Office with the assistance of external consultants.

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13. The main concern of the present report is with basic wages statistics and their systematic collection and compilation within the general framework of an integrated system. The types of basic wages statistics covered are: statistics of (i) earnings (ii) wage rates (iii) hours of work (iv) wage structure and distribution and (v) labour cost. The subjects of real wages and wage indices are not dealt with in this report since they present problems different from those of collection and compilation of primary data. There is, however, no particular difficulty in bringing these items, as well as other statistical measures of wages, into the integrated system.

14. The present report consists of nine chapters and an appendix. Chapters II and III review existing international standards and national practices of collection and compilation of statistics of earnings, wage rates, hours of work, wage structure and distribution, and labour cost. The objectives of wages statistics programmes and the principal uses of wages statistics are discussed in Chapter IV. The concepts and definitions relevant to wages statistics programmes are dealt with in Chapter V. Chapter VI discusses the need for a concept of employee income and its relationship with the concepts of earnings, compensation of employees and labour cost. A framework for an integrated system of wages statistics is proposed in Chapter VII. Agricultural wages statistics and the special problems of collection and compilation of these statistics are the subject of Chapter VIII. Chapter IX deals with the consolidation, integration and bringing up to date of existing international standards in the field of wages statistics. The appendix to the report is a draft resolution for consideration by the Conference. It contains proposals to revise and complete various international standards relating to wages statistics and consolidate them within the general framework of an integrated system of wages statistics.
15. The existing international standards concerning collection and compilation of basic statistics of wages and hours of work are contained in the following:

(a) Resolution concerning statistics of wages and hours of labour adopted by the First International Conference of Labour Statisticians (1923).

(b) Convention No. 63 concerning statistics of wages and hours of work adopted by International Labour Conference (1938).

(c) Resolution on Convention No. 63 of the Seventh International Conference of Labour Statisticians (1949). This resolution included and further developed the provisions incorporated in the Recommendation proposed by the Fifth International Conference of Labour Statisticians (1937) to supplement Convention No. 63.

(d) Resolution concerning the methods of obtaining statistics of earnings from payrolls adopted by the Seventh International Conference of Labour Statisticians (1949).

(e) Resolution concerning statistics of hours of work adopted by the Tenth International Conference of Labour Statisticians (1962).


16. In addition to the above, the Fourth Conference (1931) and the Eighth Conference (1954) adopted resolutions concerning international comparison of real wages. The recommendations contained in these resolutions are not dealt with here, since the main interest in this report is on the collection and compilation of basic statistics of wages and hours of work.

17. Convention (No. 63) concerning statistics of wages and hours of work has been ratified by 31 countries, wholly or partly. Six of these ratifications exclude the part of the Convention relating to statistics of average earnings and hours actually worked, ten the part relating to statistics of time rates of wages and normal hours of work while seven exclude the part relating to statistics of wages in agriculture.

18. The existing international standards in respect of different areas of wages statistics embodied in Convention No. 63 and the various resolutions cited in paragraph 8 are briefly described below.

Statistics of Earnings

19. Earnings are defined in Convention No. 63, to include all cash payments and bonuses received from the employer before deducting social security and tax contributions of the employees. In the case of countries in which payments in kind form a substantial part of the total remuneration, the statistics of average earnings are to be supplemented by particulars of such allowances, together with estimates, so far as practicable, of their money value. The statistics of average earnings are also to be supplemented so far as practicable, by an indication of the average amount per person employed of any family allowances paid in the period to which statistics related.

20. The statistics of average earnings are to relate to the hour, day, week or other customary period. The hours actually worked should relate to the same period corresponding to average earnings. These statistics are to be compiled once every year and wherever possible at shorter intervals. Once every three years and where possible at shorter intervals these statistics are to be supplemented by separate figures for each sex and for adults and juveniles.
21. Index numbers showing the general movement of earnings per hour and where possible per day, week or other customary period are to be compiled at as frequent and as regular intervals as possible. Due account should be taken inter alia of the relative importance of the different industries in compiling such index numbers.

22. The Convention limited the scope of statistics of earnings and actual hours of work to wage earners in each of the principal mining and manufacturing industries including building and construction. The resolution on the Convention of the Seventh International Conference of Labour Statisticians (1949) recommended the extension of the scope of the Convention to salaried employees (excluding persons holding positions of management) and also to transport, commercial and trading establishments and administrative services.

23. This resolution also recommended countries to specify whether their statistics of earnings as published included: (i) payments to workers for holidays, vacation and sick leave and to workers on strike or performing military service; (ii) supplements for overtime; (iii) bonuses paid regularly. Where possible, separate information is to be published on each of these types of payments. Family allowances and the value of payments in kind, where they exist, should be shown separately.

24. The above-mentioned resolution further recommended that where possible schedules used for industrial censuses, censuses of distribution, etc. and information derived from the administration of social insurance schemes should be utilised to provide statistics of earnings. In the case of social insurance schemes special inquiries may be necessary to cover the earnings of persons not included in such schemes or to cover that portion of earnings which is above the upper wage limits, where such exist.

25. The resolution of the Seventh International Conference of Labour Statisticians (1949) concerning the methods of obtaining statistics of earnings stated that payroll data provided a suitable basis for calculation of earnings. In adopting well-defined and uniform methods for the collection of payroll data, it was felt that the value of statistics compiled on this basis and their international comparability would be enhanced.

26. The methods and procedures described in the resolution were intended to utilise payrolls as a basis for statistics of earnings specified in Convention No. 63, including those proposed in the supplementary recommendation of the Fifth International Conference of Labour Statisticians. The basic recording unit should be the establishment in preference to the undertaking, firm or company.

27. Inquiries carried out at frequent intervals to obtain data on average earnings and hours of work should concentrate on total earnings, man-hours (or man-days) etc. for broad categories of workers and not record information for each individual worker. With a view to obtaining reliable information from payrolls at frequent intervals at minimum cost, consideration should be given to the application of adequate sampling techniques.

Statistics of Wage Rates

28. According to Convention No. 63, statistics of time rates of wages and normal hours of work of wage earners are to show the rates and hours (a) fixed by or in pursuance of laws and regulations, collective agreements or arbitral awards, (b) ascertained from organisations of employers and workers or other appropriate sources of information. The nature and source of information from which statistics have been compiled should be indicated. Where rates of wages are described as minimum (other than statutory minimum) rates, standard rates, typical rates or prevailing rates or by similar terms, the terms used should be explained.

29. The statistics of time rates of wages and normal hours of work are also to give, at intervals of not more than three years, separate figures for the principal occupations in a wide and representative selection of industries. At least once a year and if possible at shorter intervals, separate figures are to be given for the main occupations in the most important industries.
30. Where the statistics of time rates do not give the rates per hour, but rates per day, week or other customary period, the statistics of normal hours shall also relate to the same period. These statistics are to be compiled separately for each sex and for adults and juveniles where the sources of information provide such data.

31. If allowances in kind such as free or cheap housing, food or fuel form a substantial part of the total remuneration of the wage earners employed, statistics of time rates of wages are to be supplemented by particulars of such allowances together with estimates, as far as practicable, of their money value. Where the sources contain such particulars, at intervals not exceeding three years, the statistics should indicate (a) the scale of any payment for holidays, (b) the scale of any family allowances, (c) the rates or percentage additions to normal rates paid for overtime, and (d) the amount of overtime permitted.

32. Annual index numbers showing the general movement of rates of wages per hour or per week are to be compiled. Corresponding to the index numbers of rates of wages per hour or per week, index numbers showing the changes in normal hours of work should also be constructed on the same basis.

33. The Convention (No. 63) only specified that statistics of time rates of wages and normal hours of work of wage earners should be compiled for a representative selection of the principal mining and manufacturing industries, including building and construction. The resolution on the Convention of the Seventh International Conference of Labour Statisticians (1949) recommended, as in the case of earnings statistics, to extend the scope of the statistics of time rates of wages and normal hours of work to cover wage earners engaged in transport, commercial or trading establishments and administrative services. Statistics of salaries and hours should also be compiled for salaried employees excluding persons holding positions of management. The statistics of time rates of wages should so far as possible be accompanied by indications as to the number of workers covered, as well as by information which may be available as to the relation between time rates of wages and actual earnings.

Statistics of Hours of Work

34. Convention No. 63 envisages that statistics of normal hours of work of wage earners are to be compiled along with statistics of wage rates, while data on hours actually worked are to be compiled along with statistics of earnings of wage earners. Compilation of statistics of hours of work of salaried employees was recommended in the resolution on the Convention adopted by the Seventh International Conference of Labour Statisticians (1949).

35. The resolution of the Tenth International Conference of Labour Statisticians (1962) deals more comprehensively with the objectives, definitions, methods of collection and tabulation of statistics of hours of work. It applies to wage earners and salaried employees and is concerned mainly with the compilation of statistics of normal hours of work and hours actually worked. It states that it did not seem feasible to adopt an international definition of "hours paid for" because of the wide difference among countries with respect to wage payments for holidays and other periods when no work was performed. However, statistics of hours paid for frequently would be useful for specific national internal purposes.

36. Normal hours of work, where not fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards, should be ascertained from trade unions or organisations of employers, from joint bodies, or from other appropriate sources of information such as special establishment surveys or through household surveys. Where the data collected through establishment surveys correspond to hours paid for, inquiries should be undertaken from time to time to determine for each industry the ratio between the number of hours actually worked and the number of hours paid for.

37. Information on normal hours of work should be compiled once a year for each major division of economic activity and for each important subdivision. Where normal hours of work are not fixed by the week but by the day, an indication should be given of the number of days and half-days usually worked per week in each industry or branch of industry.
38. Statistics of hours actually worked should be compiled at least quarterly for each major division of economic activity (except for agriculture) and within each division for each important subdivision. Data on the number of hours of overtime worked in mining and in each major manufacturing industry should be compiled at least quarterly. Statistics of hours of work should always cover wage earners; at least once a year, similar data should be obtained for salaried employees, through estimates if necessary.

39. For international comparisons, average hours actually worked should preferably relate to a week. Data on hours actually worked for periods other than a week, are to be converted to data referring to a week on the basis of the ratio between the number of working days in the period covered and the number normally worked in one week. Average hours actually worked per worker should be obtained by dividing aggregate man-hours by the total number of persons of whom the hours of work have been counted. Where differences in the average number of hours actually worked between important categories of workers are large, separate data on the average number of hours actually worked per worker should be presented for each category such as persons working part time, for full-time workers, for casual and temporary workers and for males, females and young persons.

Statistics of Wage Structure and Distribution

40. Existing international recommendations do not directly refer to statistics of wage structure and distribution. However, the First International Conference of Labour Statisticians (1923) in its resolution concerning statistics of wages and hours of labour recommended that general wage censuses should be taken every few years to obtain information from the payrolls of establishments to show both the rates of wages and the actual earnings in a typical week. This information should be given by industries, districts, occupations and sex, distinguishing between adult and young persons.

41. The resolution on Convention No. 63 of the Seventh International Conference of Labour Statisticians (1949) recommended that, at least every ten years, statistics of average earnings and of hours actually worked should be compiled for each of the principal occupations in each industry. These statistics should show the number of work people grouped according to the amount of their earnings and also by sex and by age groups.

Statistics of Labour Cost

42. The Eleventh International Conference of Labour Statisticians (1966) adopted a comprehensive resolution on statistics of labour cost. The resolution deals with objectives, concepts and definitions and the collection, compilation, classification and publication of labour cost statistics. An international standard classification of labour cost components was also adopted by the Conference.

43. Programmes of statistics of labour cost should be designed to provide reliable measures on the level and composition of the costs incurred by employers in the employment of labour. Each country should aim to develop statistics of labour cost covering the principal economic sectors, especially selected branches of manufacturing, mining, building and construction as well as other economic activities where possible.

44. The unit for which data are collected should be the establishment, where possible, rather than the enterprise or firm. The accounting period in comprehensive labour cost surveys should cover the twelve months of the calendar year, whenever possible, otherwise the usual accounting year, to take account of expenditures which occur annually or irregularly.

45. For each economic activity covered by the national programme of labour cost surveys, it is desirable to collect such data at intervals not exceeding five years. Until such time as major changes occur in labour cost components, due to changes in social legislation or other causes, data for years intervening between two surveys could be estimated whenever suitable data on earnings and other elements of labour cost are available. In addition, special investigations of limited scope during the interim period may provide a satisfactory basis for estimates of certain components of labour cost.
46. Labour cost data should be classified by economic activity, distinguishing wage earners and salaried employees wherever possible. Managerial staff remunerated predominantly by share of profits should be excluded from labour cost statistics.

47. Each country should compile statistics of labour cost per unit of time, particularly average labour cost per hour actually worked. For the computation of average labour cost per hour, data on man-hours actually worked should be compiled in accordance with the resolution concerning statistics of hours of work adopted by the Tenth International Conference of Labour Statisticians (1962).

48. In certain countries some labour cost items, as a whole or in part, for example social security and vocational training, are not chargeable to employers but represent expenditures by the State. These items must be taken into account in making international comparisons. On the other hand, taxes which are imposed on employment or on payrolls directly affect the cost to the employers of employing labour. These taxes, in those countries where they are considered as labour cost and included in the statistics, should be identified separately in order that they may be included or excluded for purposes of international comparisons.

Statistics of Wages and Hours of Work in Agriculture

49. According to Part IV of Convention No. 63 statistics of wages in agriculture are to be compiled in respect of wage earners in agriculture at intervals not exceeding two years, separate figures being given for each of the principal districts, together with an indication of the nature of allowances in kind (including housing), if any, by which money wages are supplemented and if possible an estimate of the money value of such allowances. The statistics of wages in agriculture are to be supplemented by indications on the categories of agricultural wage earners to which the statistics relate, the nature and source of the information, the methods employed in their compilation and so far as practicable, the normal hours of work of wage earners concerned.
CHAPTER III

NATIONAL PRACTICES IN THE COLLECTION AND COMPILATION OF WAGES STATISTICS

50. National systems of labour statistics in most countries include an important programme of wages statistics. Wages statistics programmes usually comprise:

(i) regular current surveys of earnings, wage rates and hours of work for the purpose of compiling time series, for instance at monthly or quarterly intervals;

(ii) annual, occasional, non-repetitive or infrequent surveys for the purpose of studying in depth such topics as occupational wages, wages structure or labour cost.

In addition to wages statistics compiled as part of the programme of labour statistics, wages data are usually obtained in industrial and commercial censuses, and frequently from social security returns. Household surveys sometimes provide certain types of wage data.

51. The Office made a detailed analysis of national practices in the field of wages statistics in about fifty countries representing different regions of the world. Information was assembled on various types of wages statistics derived from different sources, whether compiled through regular or ad hoc surveys. The principal series of earnings, wage rates and hours of work compiled in these countries were examined especially in respect of scope, coverage, method of data collection, frequency of collection and the classifications applied to the data. The provisional information obtained was summarised in six annexes to the working paper (WEI/1968/1) presented to the 1968 Meeting of Experts on Statistics of Wages and Employee Income. For the ECAFE region a similar analysis was presented in the ILO paper "Wages and Related Statistics in the Countries of the ECAFE Region" (E/CN.11/ASTAT/Conf. 9/L.18, 1 May 1969), prepared for the Ninth Session of the Conference of Asian Statisticians. The description of national practices given below is based on these and subsequent studies made by the Office, including the information contained in the Technical Guide¹ which describes briefly the series published in the quarterly Bulletin of Labour Statistics.

52. Despite the difficulties of generalisation, an attempt is made in this chapter to describe some important features of national statistics of earnings, wage rates, hours of work, wage structure and distribution, and labour cost. National practices and the problems of compilation of wages statistics in agriculture are dealt with in Chapter VIII of this report.

Statistics of Earnings

53. Most regular national statistical series of earnings cover manufacturing and some other important divisions of economic activity in the non-agricultural sector. Infrequently, they cover also the agricultural sector. However, it is not uncommon for certain major divisions of economic activity to be represented only partially. As to the categories of employees covered in the principal series of earnings, in some countries the data refer to wage earners and salaried employees combined; in other cases separate data are provided for each category; some series, however, cover only wage earners. There is a wide variety of practices in the coverage of part-time workers, piece workers, seasonal workers, casual workers, apprentices and foremen. Similarly, the treatment of higher supervisory staff, managers and directors is not the same in all countries.

While earnings data are generally collected for both sexes, separately or combined, practice is not uniform in regard to inclusion of juveniles. The geographic coverage of the earnings series is often nation wide, but there are some limited to certain cities or regions.

54. The source for regular series on earnings is usually the payroll of selected establishments. Most frequently, data are collected from a sample of establishments. However, in some cases, especially in countries with centrally planned economies, data are collected from all establishments or enterprises. Small establishments are commonly omitted or covered only once per year. Special statistical questionnaires are generally used for collecting data. However, other methods may be used; for example, in Australia the information for the principal series of earnings is extracted from monthly payroll tax returns.

55. The regular series of earnings are often derived from surveys of employment, earnings and hours of work conducted monthly, quarterly, half-yearly or annually. The statistics of earnings commonly relate to time paid for, in other cases to time actually worked. Different reference periods such as a week, a fortnight, a month, a quarter, a year and a pay period are used for the collection of the original data. However, for presenting the results, average earnings may be expressed in terms of the amount per hour or day, as well as per week, month or year.

56. A majority of the earnings series compiled regularly take into account only cash earnings while others cover both cash and payments in kind. Payments in kind include principally food, drink, fuel and rent, free or subsidised housing provided by the employer. Premium pay for overtime is invariably included in the earnings. Paid annual vacation and paid public holidays are taken into account in most of the series. Most countries include only regular bonuses, i.e. bonuses paid monthly or at frequent intervals. Profit-sharing bonuses are generally excluded. In a few cases, family allowances paid by employers are included in the earnings statistics.

57. The regular earnings surveys provide data on aggregate man-days or hours of work which are utilised to compute average earnings, frequently according to industrial group and sometimes by region and by category of employees. A few countries also compile average earnings by sex, size of establishment, etc. In a few cases data are given for selected occupations.

Statistics of Wage Rates

58. Among the countries studied in connection with a review of national practices, about half compiled statistical series of wage rates in the non-agricultural sector. Most of these series relate to rates fixed by wage boards, tribunals, statutory orders or by collective agreements, generally minimum or standard rates for a normal week or daily or hourly rates. The figures usually relate to cash wages, including basic rate, cost-of-living allowance and other cash allowances provided in the agreement or award. Both the industrial and geographical coverage of statistics of wage rates show great variation from country to country. Very often wage rates are set according to occupation and sometimes for males, females and juveniles respectively.

59. The wage rate statistics compiled in some countries relate to average rates, prevailing rates or to actual rates paid to a sample of workers. Production bonuses as well as the premium part of overtime pay are excluded. Rates payable to piece workers are normally not taken into account.

Statistics of Hours of Work

60. Statistics of average hours of work compiled by a number of countries are also derived from the regular survey of earnings and employment. Such data are collected from establishments and have the same coverage as the earnings statistics. A majority of these series relate to hours paid for. Statistics of hours of work usually show the average number of hours of work per week per wage earner. Average hours actually worked or paid for per week or month are
usually computed by dividing the total number of man-hours actually worked or paid for during a week or month by the average number of workers on the payrolls during the same period. Average hours actually worked or paid for per day are generally compiled by dividing the total number of man-hours actually worked or paid for during a week, fortnight or month by the total number of man-days actually worked or paid for during the same period.

61. Statistics of normal hours of work are usually collected along with wage rates statistics. In most cases these statistics relate to the normal hours fixed by statutory rules or by collective agreements.

62. Household surveys provide data on hours of work in some countries, the most common type being labour force sample surveys. The data obtained on hours worked are used primarily in the analysis of labour force characteristics. They are not normally used for compiling statistics of hours of work or of hourly wages. Industrial censuses and some current production surveys also provide data on hours of work in a few cases.

Statistics of Wage Structure and Distribution

63. Wage censuses, occupational wage surveys, wage composition surveys, wage structure and similar surveys are considered together under this heading. Chief characteristics of some of the important surveys are briefly mentioned below.

64. Japan has been carrying out a detailed survey of wage structure every three years since 1954. The survey aims at obtaining a clear picture of the wage structure of regular workers in major industries, i.e. to obtain wage data by industry, region, size of establishment, type of worker, sex, occupation, education, age and duration of service. This survey covers establishments with thirty or more regular employees in all divisions of economic activity except agriculture. In addition to wage structure surveys, Japan conducts a wage composition survey every year to collect data mainly on components of earnings.

65. A survey of wage structure and distribution in mining, manufacturing building and construction industries was carried out in 1966 in the six countries of the European Economic Community using unified concepts, definitions and procedures. Particulars of employment, hours of work, earnings and contributions by employees to social security schemes and taxes paid by employees were collected, including information for about 2 million individual workers from a sample of establishments. Earnings covered both cash and kind payments including regular bonuses and overtime pay but excluding family allowances and irregular bonuses. The reference period used for data collection varied from a minimum of two weeks to a maximum of one month during October 1966. The published results of the survey for each country include data on average hourly and weekly earnings, composition of earnings and average weekly hours paid for, classified by size of establishment, sex, skill, seniority, mode and nature of payment. The distribution of workers by level of earnings was also compiled for the different industrial branches. Occupational wage data were also collected for seven selected industries.

66. The United Kingdom introduced in 1968 a wage distribution survey - the "New Survey of Earnings". The main purpose of the new survey was to provide information not available from other regular surveys, in particular, information about the distribution of earnings, the composition of earnings and about groups of employees either not covered or not separately identified in other surveys. The new survey covered all industries including agriculture, all occupations and establishments of all sizes. The coverage included wage earners and salary earners, whether paid by the week, month or any other period. The sampling procedure adopted in the survey is noteworthy. A sample of employees was selected in the first instance using the list of national insurance numbers as statistical bases.

the sampling frame. Their current employers were then identified on the basis of national insurance cards. In all, forms for about 92,500 employees were issued to their employers to fill in and about 90 per cent were returned with complete information. Information was also collected concerning the employing establishment.

67. The data collected related to the pay week including 25 September 1968 or to the nearest pay period. All cash payments made by the employer during the pay period covered by the survey were included, namely: basic wage or salary, overtime pay, shift work pay, piece work earnings, commission, bonuses and allowances of all kinds, on a gross basis, i.e. before deduction of income tax, pension contributions or any other deductions. The value of payments in kind was not included. The survey distinguished between full-time and part-time workers, adults and juveniles, manual and non-manual workers. The published results of the survey provided a variety of tabulations on distribution of earnings according to level of earnings, by industry, occupation, age, region; tabulations on the composition of earnings; and distribution of workers according to hours of work.

68. After a thorough technical appraisal of the results of the survey, it was decided to undertake surveys of this kind annually each April from 1970 using a matching sample doubled in size. The new survey would also replace some of the existing regular surveys.

69. Occupational wage surveys have been conducted on a regular or ad hoc basis by a number of countries, for instance, Canada, Denmark, Finland, India, Malaysia, the United Kingdom and the United States. These surveys are mostly carried out for selected industries although the United States also conducts them on an area basis. In addition to detailed data on wages, information on wage payment systems and establishment practices, such as payments for overtime, incentive bonuses, shift differentials, etc. are frequently collected in these surveys.

Statistics of Labour Cost

70. Labour cost surveys have been carried out in the European Economic Community (Common Market) countries, Central America, Japan, Sweden, Austria, the United Kingdom and a few other countries. Some of these surveys are undertaken at regular intervals but most have been made on an ad hoc basis so far. In some countries, labour cost data have been collected as part of surveys of wages and labour conditions. The first official labour cost survey in Canada was undertaken in 1968 covering wage and salary earners in manufacturing establishments employing twenty or more persons. The United States compiles annually data on compensation of employees based on a sample survey covering private non-farm establishments. Most items of labour cost are covered.

71. The industrial coverage of labour cost surveys has varied from country to country. The regular programme of labour cost surveys in the countries of the European Economic Community covers manufacturing, mining, building and construction, but in certain years other branches of economic activity such as transport or service industry also have been covered. The labour cost survey (1962) covering several Central American countries referred to eighteen industries in the manufacturing sector. The 1965 labour cost survey in Japan covered manufacturing; mining, construction, wholesale and retail trade, finance and insurance, real estate, transport and communication, and electricity, gas and water. The 1968 survey in the United Kingdom covered manufacturing, mining and quarrying, construction, utilities (gas, electricity and water), national and local government services, banking and insurance, and part of the transport industry.

72. All these were establishment surveys conducted on a sample basis. While in most cases the unit of data collection is the establishment, the United Kingdom and the Federal Republic of Germany used an enterprise basis. In all the surveys, establishments or enterprises employing less than a specified number of employees were excluded, e.g. in the Federal Republic of Germany all enterprises employing less than fifty employees were excluded, the Japanese surveys covered establishments with thirty or more regular employees while in the Central American survey the limit fixed for inclusion of establishments was at least five employees.

73. Labour cost surveys as a rule cover wage earners and salaried employees. Persons working at home, directors paid by fees and persons paid by commission only, and working proprietors are usually excluded.

74. In general, labour cost data derived from the surveys has included employer's expenditure for wages and salaries (including payments in kind), obligatory and non-obligatory social security contributions, subsidies, cost of welfare services and other labour costs such as cost of recruitment, transport and vocational training. The Common Market countries also included in labour cost taxes of a social character paid by the employer. In the Swedish surveys, taxes on labour employed paid by the employer are treated as part of labour cost. Similarly, the Selective Employment Tax was included in the United Kingdom.

75. The reference period used for data collection in comprehensive surveys of labour cost is one full year, either calendar year or business year, depending on national accounting practices or those of the sample firms. In Sweden, a quarterly labour cost survey collects information for one month on a restricted list of components of labour cost for purposes of computing a current labour cost index.

76. The countries of the European Economic Community publish the survey results in the form of average labour cost per hour actually worked, and also labour cost per month per person employed, according to type of industry and by size of establishment. Classifications of average labour cost according to component for wage earners and salaried employees respectively are also provided. Japan presents the results as average monthly labour cost per regular employee and does not publish labour cost per hour. The United Kingdom compiled labour cost per hour and annual labour cost per employee, classified by various components of labour cost. For the calculation of average labour cost per employee, part-time workers were treated on the same basis as full-time workers.
CHAPTER IV

OBJECTIVES AND PRINCIPAL USES OF WAGES STATISTICS

77. The objectives and the scope of wages statistics are, in principle, related to the needs of the users. The users include labour administration departments, wage-fixing and arbitration authorities, parties concerned with collective bargaining, employers' and employees' organisations, economic planners and research workers concerned with such questions as income distribution, comparative costs of production in different countries, taxation policies and problems of wage drift and inflation. For their different purposes, they need different types of statistical measures, corresponding for example to the concept of wages as the price of a unit of labour, or as the income of the worker or the cost to the employer. These statistical measures are expressed as wage rates, earnings, other employee benefits, compensation of employees, labour cost and so forth. These individual fields of wages statistics are inter-related and the relationship is, in some cases, complex. For instance, earnings are related to and vary with changes in wage rates, normal hours of work, and overtime rates and hours. Earnings account for the major part of compensation of employees (an important item in the national accounts), as well as labour cost.

78. Statistical data compiled on individual aspects of wages should not only adequately cover the particular topics, but also should be mutually consistent, so that they may throw light on inter-relationships. It is also necessary to decide on the types of wages statistics which should be compiled on a current basis and those which are required only at longer intervals. All these considerations show the need for a balanced programme within an integrated system of wages statistics in which consistent concepts, definitions and procedures are used. In order to determine the shape or form of an integrated system of wages statistics, it is necessary to examine in some detail some of the major uses of such statistics. Wages statistics are used in connection with studies on the working and living conditions of workers; wage fixation and collective bargaining, economic planning, economic analysis and research; wage, income and price policies; forecasting of market conditions; national income estimates; income distribution studies, etc. Some of the major uses of wages statistics are briefly reviewed below.

79. One of the major determinants of the level of living of workers is the amount of earnings and other benefits they receive from their employment. When earnings statistics were first compiled in various countries, one of the main purposes was to measure the level of, and changes in, the living standards or welfare of the working class, since earnings are the main source of income available to employees for consumption expenditure, savings and transfer payments. Statistics of hours of work also throw light on the conditions of life and welfare of the workers. However, for the appraisal of levels of living, household surveys of income and expenditure are a more appropriate tool than wage surveys.

80. Data on the distribution of wage income received by the employee population according to class intervals of income, or fractile group of employees, throw more light on the welfare of workers than general averages. Distributions of earnings compiled from wage structure and distribution surveys help in identifying disadvantaged sections of the employee population and anomalies in the comparative wage levels for different industries and occupational groups.

81. There are, of course, many different criteria for fixing wages. The statistical data needed for wage fixation therefore go beyond wages and related statistics and cover a wide field of national economy. For instance, the data required for minimum wage fixing and adjustment also include data on consumer prices, labour force, national income, etc.\(^1\) However, the primary

\(^1\) ILO: Report of the Meeting of Experts on Minimum Wage Fixing and Related Problems, with Special Reference to Developing Countries, GB.170/6/10, Geneva, November 1967 (paragraph 79).
needs of the wage-fixing authority are comprehensive statistics of wage rates, earnings, hours of work and wage differentials (among occupations, industries, regions, etc.). Factual data also reduce the areas of uncertainty and help meaningful discussion, thereby facilitating collective bargaining processes.

82. Wages and related statistics are essential for economic planning especially for manpower planning, employment promotion and improvement of income levels of various categories of employees. These statistics provide important indicators of current and past changes for the analysis of economic and social trends in the economy. Relationships between wage rates and earnings, employee income and labour cost, hours of work and productivity, wages and prices are major areas of economic analysis and research. At the macro level, the distribution of the national income between compensation of employees and other factors of production provides information on the structure of the economy and the relative importance of different factors. Compensation of employees accounts for about 60 per cent or more of national income in the developed countries.

83. Wages statistics are also needed for studies of the inter-relationships between wages, economic growth and changes in the structure of employment. The results of wage surveys conducted under the auspices of the European Economic Community are used, inter alia, for indicating the progress achieved in promoting uniform labour conditions in the member countries.

84. Statistics of wages and hours worked are aids to forecasting economic conditions. For instance, the variations in overtime hours and in the average work week provide leading economic indicators. The series on average weekly hours reverses its trend as a prelude to changes in the general level of business activity. Market research analysts make use of average earnings data, as do persons engaged in research on the optimum location of plants or distribution points.

85. For the preparation of national accounts data are required on compensation of employees which includes wages and salaries and employers' expenditure on social security and pension schemes on behalf of their employees. Wages and related statistics provide factual quantitative information for the formulation and application of income policies, or, more specifically, wages policies. The relative status of workers in the society, their morale and motivation towards productivity, as well as their level of living are all conditioned by wages. Hence, the relative levels of wages and other incomes, as well as wage trends over time, are basic problems of incomes policy.\(^1\) A major aim of wages policy is to promote non-inflationary economic growth, combined with reasonable economic stability. Especially in the centrally planned economies, such policies also establish "economically correct" relationships, between economic sectors, geographical regions and occupations, in average earnings.\(^2\)

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CHAPTER V

CONCEPTS AND DEFINITIONS USED IN WAGES STATISTICS PROGRAMMES

86. The task of defining the concept of wages bristles with difficulties. Difficulties arise because differing views are held about the appropriateness of including in employee remuneration such items as fringe benefits or social charges and various other supplementary payments by employers. The common notion of wages is, however, that of payments to a worker by his employer made regularly (usually at daily, weekly, fortnightly or monthly intervals), including payments in cash and in kind, amounts earned by piece-workers, supplementary earnings under incentive plans and cost-of-living allowances and regular bonuses. The notion also includes payments for overtime and for work on what are normally non-working days (week-ends or holidays). These payments are mostly directly related to work performed, but remuneration for time not worked (including paid annual vacations, public holidays, etc.) is also considered as part of wages. There are, however, differences of view as to whether certain bonuses form part of wages or are gratuitous payments by the employer, often hinging on whether there is any contractual obligation on the employer to pay the bonus.

87. Employers' contributions to social security schemes (whether compulsory or voluntary, covering sickness, accidents, unemployment, maternity and old age, etc.), cost of severance payments on termination of employment for redundancy, end-of-service benefits and retirement allowances are not generally considered as part of wages.

88. Accordingly, while it is not easy to provide a formal definition of the term "wages" acceptable to all, the problem can be tackled for statistical purposes by a component approach. If a particular definition is not fully acceptable for certain uses, the components can be regrouped to arrive at the statistical measure corresponding to the user's requirements.

Wage Rates

89. Wage rates are fixed by or in pursuance of laws or regulations or by collective agreements and arbitral awards, or are agreed (explicitly or implicitly) between employer and worker. For statistical purposes, the aim is to obtain data on the rates currently applying to specified categories of workers. National minimum wage standards, which are usually revised only at intervals of several years and are intended mainly to prevent exploitation of the lower level workers, are not considered in this context.

90. There are various types of wage rates, such as basic rates, straight time rates, overtime rates, "fall-back" rates (for short time), premium rates for work on holidays and shift work, as well as different rates for different occupations, sometimes for different regions and sometimes according to sex. Rates are related to a time base such as the hour, day, week, month and sometimes, in the case of salaried employees, to the year. Piece rates can be converted to time rates by assuming an output norm.

91. Wage rates may include cost-of-living allowances and other guaranteed and regularly paid allowances. Overtime payments are excluded. Bonuses and gratuities, and special payments in lieu of time not worked and social security payments by employers, are not considered as part of wage rates. Where wages are paid almost entirely in cash, insignificant payments in kind are frequently excluded from wage rates statistics but in the traditional sector of agriculture in developing countries, where wages are paid wholly or in substantial part in kind, these payments in kind have to be included. They have to be evaluated at appropriate prices in order to express the wage rates in money terms.

92. The wage rates fixed by or in pursuance of laws or regulations, collective agreements and arbitral awards generally relate to prescribed amounts payable for a certain time unit of work (such as an hour, a day, a week, a month or a year) for normal time of work. These are scales and the compilation of statistics of such rates does not take into account changes in
the proportion of higher and lower paid employees, occupational patterns, changes in the rates of pay of individual workers due to promotion or progressive increments within the limits of existing pay scales, changes in the normal hours of work and the amount of work available. Due to these and similar factors, the actual wage rates paid to workers may be different from the wage rates prescribed by wage agreements and laws and regulations. Statistics of average wage rates compiled on the basis of data on the amount actually paid to employees for normal time of work are more meaningful for certain purposes, especially for wage drift studies in some developed countries.

Earnings

93. After reviewing national practice in the collection and compilation of statistics of earnings, the 1968 Meeting of Experts recommended that statistics of earnings should include the following:

I. Direct wages and salaries.

II. Remuneration for time not worked.

III. Bonuses and gratuities.

IV. Housing allowances and family allowances paid directly by the employer.

V. Payments in kind.

94. The principle on which the above items are considered to comprise the concept of earnings, for purposes of current wages statistics programmes, is as follows: earnings generally relate to the remuneration received by employees for work performed or time worked. Payments received for annual vacation, other paid leave and holidays are also considered to be remuneration for work performed. As a rule, earnings are received regularly and form the main source of the current income of employees. The first four items above relate wholly to cash remuneration which should be distinguished from payments in kind in statistics of earnings. Earnings statistics should relate to gross figures, before deductions of taxes and contributions of employees to social security and pension schemes.

95. Direct wages and salaries relate to cash remuneration of current work performed and include (i) straight time pay of time-rated workers, (ii) incentive pay of time-rated workers, (iii) earnings of piece workers (excluding overtime premiums), (iv) premium pay for overtime, late shift and holiday work. Commissions paid to sales persons even if paid in addition to salary may be regarded as direct wages and salaries. Direct wages and salaries would also include responsibility premiums; dirt, danger and discomfort allowances; cash indemnities; payments under guaranteed wage systems; cost-of-living allowances and other regular allowances.

96. Remuneration for time not worked comprises direct cash payments to employees in respect of public holidays, annual vacations and other time off with pay, granted by the employer (for instance in connection with family obligations, functions of titular office, etc.). The Meeting of Experts discussed whether severance and termination pay be included under this head and hence in earnings. Most of the experts were of the view that it should not, but rather should be placed among social security benefits since it, most often, represented compensation for the loss of employment (as distinguished from payments connected with employment).

97. Under bonuses and gratuities, the main items to be considered are: (a) year-end and seasonal bonuses, (ii) profit-sharing bonuses, and (iii) additional payments in respect of vacation, supplementary to normal vacation pay. While agreeing that items (i) and (iii) form part of earnings, the Meeting of Experts was divided as to whether profit-sharing bonuses should be included. However, on balance it is considered appropriate to include the latter in the concept of earnings.

98. Employers in some cases pay also family allowances directly to their employees. Such payments are usually regarded as part of wages; earnings statistics therefore should include them.
Compensation of Employees

99. This concept is used in connection with the national accounts. Extracts from the United Nations revised System of National Accounts defining compensation of employees are given below.¹

"The compensation of employees comprises all payments by producers of wages and salaries to their employees in kind as well as in cash and of contributions in respect of their employees to social security and to private pension, casualty insurance, life insurance and similar schemes ....

Compensation of employees is to be classified into payments in respect of civilian employees and payments in respect of members of the armed forces .... The compensation of civilian employees should be subdivided into (i) wages and salaries in cash and in kind, (ii) employers' contributions to social security schemes on the account of their employees and (iii) employers' contributions to private pension, family allowance, health and other casualty insurance, life insurance and similar schemes in respect of their employees. This classification distinguishes between the actual and imputed compensation of employees ....

Wages and salaries cover all payments which employees receive in respect of their work, whether in cash or in kind, before deductions for their contributions to social security, withholding taxes and the like. The wages and salaries should be taken net of any purchases of working tools, equipment and special clothing which employees are contractually obligated to make out of their compensation. Reimbursements of employees for travel, entertainment and other expenditure which they incur in conducting the business of their employers is not to be included in this flow. Covered in wages and salaries are such payments as commissions, tips and bonuses, cost-of-living and dearness allowances, payments in respect of vacation, holidays, sick leave and other relatively short absences from work when paid directly by the employer, fees to ministers of religion and members of boards of directors; and the cost to the employers of food, lodging, ordinary clothing, etc., which they provide free of charge, or at a reduced cost, to their employees. Contributions which employers make on the account of their employees to social security schemes or to private funds, reserves or other special schemes in respect of family allowances, lay-off and severance pay, casualties and maternity leave, pensions and the like are to be classified in the other elements of compensation of employees. If, in the absence of special schemes or reserves, employers make direct payments of this type to their employees, imputed contributions in respect of these obligations should be included in the employers' contributions to the private schemes.

Payments in kind of wages and salaries should cover the cost to the employer of goods and services furnished to the employees free of charge, or at markedly reduced cost, which are clearly and primarily of benefit to the employees as consumers. Outlays by employers which are of benefit to them as well as their employees should be included in intermediate consumption, not in compensation of employees. Examples of the second type of outlays are expenditure by employers on amenities at place of work, medical examinations, sports and other recreational facilities; and reimbursement by employers of the expenses of travel, entertainment and work clothing, tools and equipment which are incurred by their employees."


Labour Cost

100. The concept of labour cost relates to employers' cost in employing labour for producing goods and services. The Eleventh International Conference of Labour Statisticians (1966) defined labour cost as follows:
For purposes of labour cost statistics, labour cost is the cost incurred by the employer in the employment of labour. The statistical concept of labour cost comprises remuneration for work performed; payments in respect of time paid for but not worked; bonuses and gratuities; the cost of food, drink and other payments in kind, including the cost of workers' housing borne by employers; employers' social security expenditures; cost to the employer for vocational training, welfare services and miscellaneous items such as transport of workers, work clothes and recruitment; together with taxes regarded as labour cost.

101. The Conference also adopted an international standard classification of labour cost comprising the following major groups:

I. Direct wages and salaries.

II. Remuneration for time not worked.

III. Bonuses and gratuities.

IV. Food, drink, fuel and other payments in kind.

V. Cost of workers' housing borne by employer.

VI. Employers' social security expenditure.

VII. Cost of vocational training.

VIII. Cost of welfare services.

IX. Labour cost not elsewhere classified (such as costs of transport of workers to and from work, cost of work clothes, cost of recruitment, etc.).

X. Taxes regarded as labour cost (for instance taxes on employment or payrolls).

Hours of Work

102. The statistical concept of hours of work includes three categories (i) normal hours of work, (ii) hours actually worked, and (iii) hours paid for. The resolution concerning statistics of hours of work adopted by the Tenth International Conference of Labour Statisticians (1962) gives the definitions of normal hours of work and hours actually worked. The 1968 Meeting of Experts considered that the international recommendations contained in that resolution were adequate.

103. Normal hours of work. These are the hours of work fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards. Where not so fixed, "normal" hours of work should be taken as meaning the number of hours per day, or week, in excess of which any time worked is remunerated at overtime rates or forms an exception to the rules or customs of the establishment relating to the classes of workers concerned.

104. Hours actually worked. Statistics of hours actually worked should include: (a) hours actually worked during normal periods of work; (b) time worked in addition to hours worked during normal periods of work, and generally paid at higher rates than normal rates (overtime); (c) time spent at the place of work on work such as the preparation of the workplace, repairs and maintenance, preparation and cleaning of tools, and the preparation of receipts, time sheets and reports; (d) time spent at the place of work waiting or standing by for such reasons as lack of supply of work, breakdown of machinery or accidents, or time spent at the place of work during which no work is done but for which payment is made under a guaranteed employment contract; (e) time corresponding to short rest periods at the workplace, including tea and coffee breaks. Statistics of hours actually worked should exclude: (a) hours paid for but not worked, such as paid annual leave, paid public holidays, paid sick leave; (b) meal breaks; and (c) time spent on travel from home to workplace and vice versa.
105. **Hours paid for.** The Tenth Conference did not adopt a definition of hours paid for because of the wide difference among countries with respect to wage payments for holidays and other periods when no work is performed. However, many countries find that statistics of hours paid for, while not entirely suitable as a substitute for hours actually worked, are useful for various purposes. Moreover, the data are commonly readily available from payrolls and other records.
CHAPTER VI

EMPLOYEE INCOME AND RELATED CONCEPTS

106. Employee remuneration systems have been broadened considerably in the past several decades by the introduction, liberalisation or expansion of social security benefits and other supplementary benefits. Wage-related social security benefits from statutory and non-statutory schemes already account for a substantial part of the income of employees in many countries and will continue to grow in importance. Statistics of earnings which represent the remuneration regularly received for time worked, or work performed, but do not include employees' social security benefits, do not fully measure the income accruing to employees from employment.

107. The social security schemes specifically concerning employees may be broadly grouped into: (i) those providing benefits to the employee while in employment, or retaining the status of employee; and (ii) those providing benefits to the employee during his retirement, or to his survivors. Family allowances, educational allowances, sickness benefit, maternity benefit and unemployment assistance fall under the first type, while schemes providing old-age, invalidity and survivors' pensions and benefits of a similar kind belong to the second type. Benefits received under schemes of the first type are in many cases received in place of or along with earnings and therefore supplement the regular or normal income of employees.

108. The social security schemes relating to employees, apart from pension schemes, are designed either to compensate for loss of earnings in certain contingencies such as sickness, unemployment or work injury or to augment incomes of employees to enable them to better support their families. The amount of benefits received by employees usually depends on a number of factors such as family composition, earning status of the spouse and other income of the family, as well as the scale of contribution of the employees and duration of employment. In principle, these schemes are weighted heavily in favour of the lower paid and disadvantaged employees.

109. As a rule, the State contributes along with the employer and the employee to finance the social security schemes, although the extent of state participation varies from scheme to scheme and differs from country to country. In the USSR and some other countries of eastern Europe, the employee pays no contribution, the entire cost being borne by the enterprise and the State. In many other countries also the State's contributions are substantial. For instance, in 1965, in the private sector they accounted for about 26 per cent of total contributions in Luxembourg, 23 per cent in Belgium, 17 per cent in Italy, 6-8 per cent in France, Netherlands and Colombia, 13 per cent in the Federal Republic of Germany and 11 per cent in Mexico.

110. Compensation of employees (SNA) excludes contributions of the State to social security schemes relating to employees, in accordance with national accounting concepts. But, from the standpoint of the employee, contributions of the State to wage-related social security schemes help to provide the means for increasing employee income and welfare.

111. The employer's contributions to social security schemes are generally related to the amount of wages paid to the insured person. It does not, however, follow that the individual employee is paid back, or can claim the same amount as was contributed by his employer on his behalf. In other words the benefits received are not uniformly proportional to the contributions paid. Some employees who contribute may not get any benefit from a certain type of social security scheme (e.g. unemployment insurance) while others may get a large amount, depending on contingencies, needs and qualifying conditions.

112. From the standpoint of income of employees, what has been said in the previous two paragraphs about compensation of employees is also true of labour cost which comprises compensation of employees (for the most part) together with such items as employers' cost on vocational training, welfare services, payroll...
taxes and other labour costs (for transport of workers, work clothes, recruitment, etc.). However, none of these additional items are regarded as income of employees. Labour cost statistics, however, are not intended for use in the analysis of the distribution of income from employment among individual workers.

Need for a Concept of Employee Income

113. After having reviewed carefully the underlying concepts presently in use for the various kinds of statistics in the broad field of remuneration of employees, the 1968 Meeting of Experts came to the conclusion that in addition to the concepts of earnings, labour cost and compensation of employees (SNA), there was a need for a concept of employee income in a wages statistics programme. It observed:

"Employee income could provide a better and more realistic measure of level of remuneration of employees than earnings which represented primarily only the remuneration in cash or kind for time worked or work done. The need for statistics of employee income arose because of the growing importance of social security benefits and of supplementary benefits in wage payment systems. On the other hand, the labour cost of employers was not all income to employees. The estimates of compensation of employees in SNA would also not be fully adequate to measure the level of employee income since they also correspond to a cost concept. This situation called for a concept of employee income viewed from the standpoint of employees which would measure the remuneration of employees over and above their earnings ... employee income would also provide a better basis of comparison of level of remuneration between industries, regions, wage earners and salaried employees, within a country as well as for international comparisons ... also throw light on the level and nature of certain social security benefits received by employees of different categories and industries and their changes over time. Statistics of employee income would fill the gap in wage statistics programmes between statistics of earnings and labour cost."

114. Statistics of employee income could be applied in particular to the study of redistribution of wage income through the mechanism of social security schemes. They would also be useful in connection with wage fixation, collective bargaining and certain practical problems of incomes and price policies.

Definition of Employee Income

115. Employee income may be provisionally defined as all receipts or benefits in cash or kind received by the employee, by virtue of his current status as an employee, from employers or social security and insurance schemes or the State. The statistical concept of employee income must be restricted to items which: first, are received by individual employees; second, are unambiguously regarded as a benefit to the worker; and third, can be expressed in monetary terms. The components of employee income would therefore include:

(i) all the components of "earnings" as described in Chapter V;

(ii) net current benefits from social security and insurance schemes for employees /such as maternity benefits, health and sickness benefits, casualty (temporary loss of wages) benefits, unemployment benefits, family allowances regarded as social security benefits, severance and termination pay, etc./.

116. Receipts from social security and related schemes are to be included on a net basis by deducting employees' own contributions. This avoids double counting: earnings are gross, before deduction of social security and insurance contributions. The adjusted figures would be "net social security benefits."

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117. Other income received by the employee but not connected with his current status as employee, such as entrepreneurial income, property income, pension received for past employment, remittances, gifts, etc. would not be included in employee income. Family allowances and other social security assistance, if paid by the State without regard to employee status (i.e. not specifically restricted to employees), would not form part of employee income.

118. The Meeting of Experts (1968) briefly considered some theoretical and practical problems of developing a definition of employee income. Some experts noted that the proposed definition of employee income did not take into account the value of future pension and similar rights earned by the employees. However, other experts expressed doubts as to whether these rights could be included in the current income of employees. Pension rights, for example, may be transformed into income at some future date only under certain conditions; until that time they represented only an expectation of income; also, the assessment of the current monetary value of pension rights (i.e. the monthly increase in their value) would raise insoluble problems.

119. As regards application of the concept, the employee himself can furnish data on employee income according to the proposed definition. In household income and expenditure surveys, data may be collected from employees' households on employee remuneration and employees' receipts from social security schemes, separately from income of the household from other sources. On the other hand, employers are not able to furnish information from the records of their establishments on the net receipts of employees from social security schemes, nor would it be practical to obtain this part of employee income from the social security organisations, particularly if different organisations are responsible for different social security schemes. There are still some theoretical and practical difficulties standing in the way of using this concept in practice and further research is needed in this connection.

Relationships Between the Different Concepts

120. The table below shows the different components of the concepts of earnings, labour cost, compensation of employees (SNA) and the provisional concept of employee income. The components comprise the following ten groups:

I. Direct wages and salaries.
II. Remuneration for time not worked.
III. Bonuses and gratuities.
IV. Food, drink, fuel and other payments in kind.
V. Housing and rent allowances.
VI. Social security, pensions, etc.
VII. Employer's cost of vocational training.
VIII. Employer's cost of welfare services.
IX. Employer's other labour cost.
X. Taxes regarded as labour cost.

121. Groups I-V (with minor exceptions in scope) are common to all the concepts: earnings, labour cost, compensation of employees (SNA) and employee income. Groups VII-X relate to labour cost only but otherwise the main differences in the concepts of labour cost, compensation of employees and the tentative concept of employee income relate to Group VI, where certain differences arise in the treatment of various sub-items. Group VI is subdivided as follows:
VI. (1) direct payments by the employer to employees which are regarded as social security payments;

VI. (2) employer's contributions to funds or reserves relating to social security schemes and pension schemes for employees;

VI. (3) imputed contributions of the employer in respect of unfunded pension and other social security plans for employees;

VI. (4) current receipts (benefits) from social security schemes organised on behalf of employees.

122. Compensation of employees (SNA) includes VI (1), VI (2) and VI (3) above but not VI (4). Labour cost excludes VI (3) and VI (4). Labour cost statistics, following a business accounting approach, include in VI (1) not only direct payments by employers during the accounting period to current employees but also those to past employees. The latter are excluded from compensation of employees (SNA). The concept of employee income includes VI (1) and VI (4) but excludes VI (2) and VI (3).

Main Components of the Concepts of Earnings, Labour Cost, Compensation of Employees (SNA) and Employee Income

<table>
<thead>
<tr>
<th>Component</th>
<th>Earnings</th>
<th>Labour cost</th>
<th>Compensation of employees (SNA)</th>
<th>Employee income (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Direct Wages and Salaries</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>II. Remuneration for Time not Worked</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Annual vacation, other paid leave</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(2) Public and other holidays</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(3) Other time off granted with pay</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(4) Severance and termination pay</td>
<td>-</td>
<td>+¹</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>III. Bonuses and Gratuities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Year-end and seasonal bonuses</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(2) Profit-sharing bonuses</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(3) Supplementary vacation pay and other bonuses and gratuities</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>IV. Food, Drink, Fuel and Other Payments in Kind</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>V. Housing and Rent Allowances</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

1 Where not regarded as social security expenditure (as such, included under VI).
<table>
<thead>
<tr>
<th>Component</th>
<th>Earnings</th>
<th>Labour cost</th>
<th>Compensation of employees (SNA)</th>
<th>Employee income (provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VI. Social Security, Pensions, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Direct payments by employer to employees regarded as social security payment</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>(2) Employer's contributions to social security schemes and pension schemes (statutory and other)</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>(3) Imputed contributions of employer in respect of unfunded pension and other social security schemes</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>(4) Current receipts from social security schemes organised on behalf of employees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>VII. Employer's Cost for Vocational Training</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VIII. Employer's Cost of Welfare Services</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IX. Employer's Other Labour Cost</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>X. Taxes regarded as Labour Cost</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1 Including termination pay regarded as social security benefit. Including also assimilated payments in respect of former employees.

2 Including canteens and assimilated services; educational, cultural and recreational facilities and services; grants to credit unions and cost of assimilated services for employees.

3 Including such items as: work clothes, recruitment costs, etc.
CHAPTER VII

FRAMEWORK FOR AN INTEGRATED SYSTEM OF BASIC STATISTICS OF WAGES

123. The various uses of wages statistics discussed in Chapter IV suggest two major objectives in establishing a programme of collection and compilation of basic statistics of wages. In the first place, the programme should be as comprehensive as possible and cover all the major fields of wages statistics. Secondly, the collection and compilation of statistical information for individual areas of wages statistics (such as wage rates, earnings, labour cost, etc.) should conform with a master plan so that the operations are co-ordinated and integrated and so that the resulting data will be mutually consistent. The data should then reveal the relationships between rates and earnings, earnings and labour cost and so forth. With these objectives in view, attention has been given to developing a framework for an integrated system of basic wages statistics adapted to the needs of both developed and developing countries. Pending further development of the concept of employee income (discussed in Chapter VI) the integrated system should comprise statistics of (i) earnings; (ii) wage rates; (iii) hours of work; (iv) wage structure and distribution; and (v) labour cost.

124. The programme of wages statistics should specifically cater for both short-term and long-term needs, i.e. wages statistics for current purposes compiled frequently, on a recurring basis, and statistics compiled at longer intervals to provide the information (as a rule, more detailed) that is needed for structural analysis. The programme of current statistics should encompass statistics of average earnings and actual hours of work, and statistics of wage rates and normal hours of work. Statistics of wage structure and distribution and of labour cost should be compiled at longer intervals. In view of the special problems of agricultural wages statistics, discussed in Chapter VIII, the integrated programme for this sector must be developed separately (although along parallel lines), especially in the developing countries. The chart below depicts the framework for an integrated system of basic statistics of wages covering the non-agricultural and agricultural sectors.

Current Wages Statistics Programme

125. As regards current statistics, the primary emphasis is on the regular compilation of time series. Speed in collecting and processing data, at a reasonable cost, is a major consideration. First priority should be given to statistics of average earnings and hours of work.

Statistics of Average Earnings and Hours of Work

126. The main objective of this part of the statistical programme is to measure month-to-month or quarter-to-quarter changes in the levels of earnings and hours of work. Frequently the data are derived from combined surveys of employment, earnings and hours of work. Establishment surveys based on payroll records are the main and by far the best source. It is neither necessary nor practical to canvass all establishments for purposes of these statistics. The general practice is to obtain information from all large establishments and a sample of the remainder.

127. While compilation of earnings and hours of work statistics on a monthly basis is desirable, this does impose a heavy drain on resources and a burden on respondents. However, bi-annual and annual collection of data on earnings and hours of work does not meet the need for up-to-date information. Taking everything into consideration, as a minimum, a quarterly periodicity might be recommended internationally.
Framework for an Integrated System of Basic Statistics of Wages

Non-agricultural Sectors

Current Statistics (monthly or quarterly)
- Statistics of average earnings and actual hours of work (wage earners; salaried employees).
- Statistics of wage rates and normal hours of work (wage earners; salaried employees).

Non-current Statistics (three to five yearly intervals)
- Statistics of wage structure and distribution (including statistics of occupational earnings).
- Statistics of labour cost.

Agricultural Sector

Organised Agriculture
- Current Statistics (quarterly)
  - Statistics of average earnings and actual hours of work (wage earners; salaried employees).
- Non-current Statistics (five yearly)
  - Statistics of wage structure and distribution.

Traditional Agriculture
- Current Statistics (quarterly)
  - Statistics of wage rates and normal hours actually worked or of wage rates and normal hours of work.
- Non-current Statistics (five yearly)
  - Statistics of wage structure and distribution.
Collection of data on the earnings and hours of work of individual employees, or of detailed data on the various components of earnings, ordinarily should not be attempted in monthly or quarterly surveys. This would be expensive and time consuming, besides placing such a heavy burden on respondents as to seriously jeopardise the response rate. Generally establishments can provide, without much difficulty, information as to total amount of earnings disbursed, total number of workers and total man-hours, or man-days, worked or paid for. Further details are commonly collected but should be kept to the strict minimum required monthly or quarterly: for example, separate data may be collected for males and females and perhaps also for full-time and part-time workers if the type of payroll records usually kept in the country provide such information.

The current survey should aim to cover a representative sample of establishments in all principal economic activities and in all regions of the country. Wage earners and salaried employees, whether engaged as full-time or part-time workers, whether piece workers or paid on hourly, daily, weekly or monthly basis, should be included in the scope of the current survey.

The time reference period for data collection should reflect the typical conditions of disbursement of earnings, including wage payment practices and the most common payroll period. In a monthly survey, the reference period may be either a whole month or a pay period that is less than a month. In a quarterly survey, data may be collected in respect of one month, or for each of the three months in order to provide a complete series by month and to permit calculation of more precise quarterly averages.

Monthly or quarterly series in many instances do not refer to total but only to regular earnings because it is necessary to exclude (or at least to indicate separately) certain components of earnings, for instance irregular bonuses and year-end and other annual payments. Inclusion of such items would distort the data in particular months or quarters and thus reduce their usefulness for measurement of time-to-time changes. Statistics of earnings with a year as the reference period in principle may include irregular bonuses and certain other elements of earnings which it is not convenient to include in monthly or quarterly series. In this connection, the Meeting of Experts (1968) noted that it would be advantageous to add to the programme the compilation once per year of statistics of average earnings covering all components.

The choice of the time unit for expressing average earnings, e.g. average earnings per hour, day, week or month, depends mainly on how meaningful such figures are in the country concerned and also on the feasibility of collection of the required data. In many developing countries earnings are not expressed on an hourly but on a daily or weekly basis and establishment records do not contain ready information on man-hours actually worked, or hours paid for. In countries where the normal payroll period is one calendar month but data on man-days worked are available, it is possible to convert the data to a per week basis (and perhaps to estimate hourly earnings on the basis of the average length of the work day). For international comparisons, it is desirable to present statistics of average earnings and hours of work per week. Data on earnings and hours actually worked for periods other than a week should be converted to a per week basis by applying the ratio between the number of working days in the period covered and the number in a normal week. For certain types of comparisons, data on average earnings per hour are preferable since hours worked per employee per day, week or month vary over time and from one country to another.

Some countries compile statistics of average earnings per hour paid for because information on hours actually worked is not readily available. In such situations, attempts should be made to collect additional information to determine the ratio between the number of hours actually worked and the number of hours paid for.

Statistics of average earnings and hours of work should be tabulated and presented for total employees and for wage earners and salaried employees separately, by industry and region. Wherever available data permit, the earnings data for the categories of wage earners and salaried employees should be further classified according to sex.
Statistics of Wage Rates and Normal Hours of Work

135. The main objective for current statistics of wage rates and normal hours of work is to measure the movements in rates and normal hours and to permit compilation of indices of wage rates. These statistics should be compiled separately for wage earners and salaried employees. Statistics of wage rates are intended primarily for national use, i.e. use within the country; great care should be taken when using them in international comparisons.

136. Two main types of wage rates have been discussed in Chapter V. The first type relates to the legal or regular fixed amount payable for normal work periods, according to the occupation and category of the employee, per hour, day, week, month or year. The second type of wage rate is based on the actual amounts paid to employees for straight-time work during normal work periods. Statistics of both types of wage rates have value and application. For example, for purposes of wage fixation, information may be needed on wage rates payable, for different occupations and categories of employees, which correspond to the basic "price" of labour whereas for the study of wage drift and for purposes of income and price policies, information concerning wage rates of the second type is required.

137. It is relatively easier to obtain information on the first type of wage rates since the most important sources of information are collective agreements, awards of arbitration tribunals and decisions of other wage-fixing authorities. For occupations or categories of workers not covered by the foregoing sources of information, the current basic wage rates may be collected from employers. Since these wage rates generally are not frequently adjusted in many countries it is not necessary to compile the relevant statistics monthly. Although useful and necessary for some purposes, these statistics are usually subject to a number of limitations. Their scope is often limited to those economic activities where wages are fixed through collective agreements or by wage regulation authorities. A further limitation arises from lack of complete or accurate information on the number of workers covered by the different rates.

138. The wage rates fixed in collective agreements and awards do not necessarily correspond closely with the actual rates paid or employee earnings; nor are the normal or agreed hours necessarily the hours actually worked. Indices compiled on the basis of such rates frequently do not provide a reliable indicator of the trend of actual earnings.

139. Compilation of statistics of actual wage rates paid and normal hours of work on a recurring basis, using information collected from establishments, is more complex and costly and therefore the current programme has to be limited to a quarterly or half-yearly survey. A representative selection of industries should be included in the survey in order to reflect the trends of wage rates and normal hours of work in each major division of economic activity. As a rule, information would need to be collected for males and females.

Programme of Non-Current Wages Statistics

140. The subject of labour cost is not discussed here since it was dealt with comprehensively in the resolution of the Eleventh Conference (1966) and discussed fully in the report prepared for that Conference.

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Statistics of Wage Structure and Distribution

141. In most countries both wage rates and actual earnings of wage earners and of salaried employees differ from one region to another and between urban and rural areas, males and females, manual and non-manual workers, industries, occupations, establishments of different size, etc. In developing countries, in the modern sector, wage rates, earnings and other benefits are generally very much higher than those in the traditional activities, including agriculture. Differentials in wages arising from differences in education, training and skill tend to be great in the early stages of economic development, when there is a general scarcity of skilled workers. Information obtained in surveys of wage structure and distribution throw light on such differentials and present a systematic set of data suitable for detailed cross-analyses.

142. The objectives of such surveys are to obtain comprehensive and detailed information on wage rates, earnings and hours of work in order to:

(i) compile average wage rates, earnings and hours of work of wage earners and salaried employees and indicate wage differentials between branches of industry, geographic regions, occupations, males and females, establishments of different sizes, etc.;

(ii) compile detailed data on the composition of earnings and wage rates (i.e. wage components);

(iii) compile statistics showing the distribution of employees according to level of wage rates, earnings and hours of work respectively, cross-classified by various important characteristics of employees; and

(iv) provide benchmark data for use in the compilation of current statistics of wage rates, earnings and hours of work.

143. Establishment surveys constitute the most suitable approach for collection of data on wage structure and distribution. The sample of establishments should cover all regions, all industries and all sizes of establishments. All categories of employees whether wage earners or salaried employees, full-time or part-time workers, permanent or temporary should be covered.

144. For compiling wage distribution statistics, data are required for a representative sample of individual employees in the selected establishments. The information to be collected relates to wage rates, earnings, hours of work, age, sex, occupation, and other relevant particulars of the employee and his conditions of work.

145. In view of the wide scope and coverage and the amount of detailed data sought in wage structure and distribution surveys, they could not normally be undertaken on an annual basis. However, it is desirable to compile such statistics at intervals of not more than five years.

146. In such surveys conducted at long intervals, the choice of time reference periods for various items of data assumes particular importance. A time reference period of one year is ideal for certain items, especially in respect of data relating to distribution of earnings, but would greatly increase the burden on respondents and may prove impractical for purposes of data collection. If a reference period of a month is used, the month chosen should be typical of the year. There is a strong risk in selecting a short reference period, such as one week, which may not be representative.

Wage Data from Secondary Sources

147. In addition to the wages statistics compiled within the framework of an integrated system discussed above, some wages statistics are also available as by-products of certain other statistical inquiries, such as industrial and commercial censuses, social security records, tax returns, household income and expenditure surveys, labour force surveys. For various reasons, data from these sources cannot be considered as fully satisfactory substitutes for those derived through regular programmes of wages statistics.
148. Industrial censuses are conducted at annual or longer intervals and the data collected generally refer to a full year, although in rare cases monthly payroll data (employment and wages) are also obtained. The annual data may be used for the estimation of compensation of employees, wage cost per unit of output, etc. In general, fully satisfactory statistics of average earnings per person employed cannot be derived from industrial census data.

149. Although wage data contained in social security records are very useful for certain purposes, they are seldom a satisfactory source for current wages statistics series. In addition to their limited coverage in many countries, the time lag in collecting and compiling the information is necessarily very long. Also, "earnings" as defined for purposes of social security schemes frequently differ from the concept used for programmes of wages statistics.

150. Household surveys often provide some wages and hours of work data which usefully supplement those from more frequent establishment surveys. These data may relate to individual earners and thus provide information on the distribution of earnings, in combination with demographic and other economic characteristics of households. However, in most countries household surveys are carried out only at long intervals and are not designed specifically to provide wages statistics.
CHAPTER VIII

STATISTICS OF WAGES AND HOURS OF WORK IN AGRICULTURE

151. Hired agricultural labour plays a very significant role in agriculture, although its relative importance in the agricultural labour force varies from country to country. However, in the majority of countries statistical information on wages and hours of work of agricultural employees is deficient both in quantity and quality compared with wages statistics available for non-agricultural sectors. The reasons for this are several: some can be attributed to problems of concepts and definitions while others are connected with practical difficulties of collection of data and in obtaining the large resources needed for such operations. The problems to be tackled in connection with the collection of agricultural wages statistics in a given country are also linked with the structure of its agricultural production, the nature of local agricultural operations, the technology utilised, the patterns of employment and the wage payment systems in force.

152. The existing international standards in the field of agricultural wages statistics are contained in Part IV of Convention No. 63 concerning Statistics of Wages and Hours of Work, 1938. This part of the Convention, consisting of only one article, touched upon the subject only in very general terms. The resolutions adopted in later years by the International Conference of Labour Statisticians concerning wages statistics have been primarily designed to cover the collection and compilation of wages statistics in the non-agricultural sectors.

153. A general review of the existing international standards in the field of wages statistics was made by the Meeting of Experts on Statistics of Wages and Employee Income, 1968. The particular problems connected with the collection and compilation of agricultural wages statistics were not reviewed by the Meeting but it recommended that this subject should be studied in depth by the Office, with a view to developing international standards.

154. Research on statistics of wages and hours of work in agriculture has been undertaken by the Office and the results have been used in preparing the draft international recommendations submitted to the present Conference. In this connection, as a first phase, published data on agricultural wages for a number of countries were assembled and analysed and missions were undertaken to several countries of the world to study the practical and theoretical problems of collection and compilation of agricultural wages statistics. In 1970 the Office enlisted the collaboration of external consultants from seven countries in different regions of the world. A "Memorandum concerning Statistics of Wages and Hours of Work in Agriculture" was prepared for the guidance of the consultants giving the background and scope of the study envisaged and a catalogue of special problems of agricultural wages statistics. Specific terms of reference for the preparation of reports by the consultants were also included.¹

155. From the standpoint of collection and compilation of wages statistics, three broad groups of countries may be distinguished: (a) the developing countries of Asia, Africa and Latin America; (b) developed countries with market economies; and (c) countries with centrally planned socialist economies. The salient characteristics of employment and wage payment systems in agriculture in these countries which have a bearing on the collection and compilation of wages statistics, are briefly mentioned below.

Developing Countries

156. In most of the developing countries, there exist two sectors of agriculture: a traditional sector of peasant farms mostly of relatively small scale but accounting for the greater part of the labour force engaged in agriculture; and a smaller "modern" sector of relatively highly organised farms, often of a large scale, growing mostly commercial crops, such as tea, coffee, cocoa, coconut, groundnuts, bananas, sugar, rubber, sisal, corn, etc. or specialising in a particular kind of livestock raising.

157. Wage earners on modern sector farms are largely employed on a regular or permanent basis in the case of certain crops and to a lesser extent in other cases. Casual labourers are usually engaged for certain specific operations, including harvesting. In some countries, certain types of workers are employed by contractors for work on larger farms. Employees in this sector are commonly organised in trade unions which engage in collective bargaining. They are also frequently protected by labour legislation in regard to wages and conditions of work and, in some cases, they are also covered by social security schemes. Wages are paid mainly in cash, although payments in kind in the form of rent free or subsidised housing, food and other articles of consumption are not uncommon. Wages are often fixed in this sector by wage boards or by other statutory bodies, and sometimes on the basis of collective bargaining. The employer-employee relationships and wage payment systems are thus more or less similar to those applying in manufacturing and some other branches of the economy.

158. In the traditional sector of agriculture in developing countries, the bulk of the labour input in agriculture is supplied by self-employed farmers and members of their families. The agricultural operations are mostly carried out by manual labour. The intensity of work during different periods of the year is determined by the seasonal cycle. The demand for labour may outstrip the supply during peak periods and only intermittent work may be performed in the off seasons. The wage earning labour force in this sector is constituted primarily of employees who are engaged by employers on a day-to-day basis and move from one employer to another during the same season.

159. Some peasant farmers also seek occasional wage employment in agriculture or elsewhere in order to supplement their income. On the other hand, some workers who depend mainly on agricultural wages have small plots of land from which they derive some additional income. During slack seasons they may sometimes take up temporary non-agricultural wage employment.

160. The wage payment pattern in the traditional sector of agriculture is governed to a considerable degree by local practices and customs, often without much regard for economic considerations, and is influenced by local systems of reciprocal relations and services. Modes of wage payment also vary widely. Wages are paid wholly in cash or wholly in kind, or partly in cash and kind, by the day/week/month or on a piece-rate basis, and with or without supplements or "perquisites". There may be wide disparities in wage levels between regions, seasons or crops. Casual or temporary workers are generally paid by the day, while permanent workers are paid regularly at weekly, bi-monthly or monthly intervals, or are paid at the end of the agricultural season (frequently subject to some advance payments). Permanent workers may in some cases earn a share of the production, or be given some land for their own cultivation.

161. Wage payments in kind, supplementing cash wages, may take different forms such as food, drink, tobacco, grain, vegetables, hay, or housing. In some countries, labourers working on the harvesting of certain crops, especially...
cereals, are customarily paid their entire wages as a share of the crop harvested. Such payments in kind are preferred by the employees in some cases, particularly when they get a share of food crops in periods of high prices. In some countries, it is the practice to give free certain perquisites (clothes, tobacco, cattle feed, etc.) which are regarded as additional to the normal wage.

162. The daily hours of work are not well defined in the traditional sector of agriculture in many developing countries. As a rule, the work is neither done nor paid in terms of hours and there is no fixed hour of commencement of the work or termination of work. The work day may be normally from dawn to dusk, but depend on the vagaries of weather, the urgency of the work or the amount of work available per worker.

163. Wage earners in the traditional sector of agriculture frequently are not covered by social security schemes and do not qualify for sick leave or holidays with pay. Often, there is no effective collective bargaining to establish their wages and other conditions of work. Although minimum wages are fixed by statute in some countries, they are not always enforced and are, in fact, not easily enforceable. While in the peak periods of agricultural operations, where demand for labour outstrips the supply, above the minimum may be offered, in the off seasons wages below the legal minimum rate may be accepted by workers.

Developed Countries with Market Economies

164. In the more industrialised countries, in particular, the agricultural sector has witnessed rapid structural changes during recent decades as a result of economic, social and technological progress. The total number of agricultural holdings has progressively declined, as a result of considerable reduction in the number of small- and medium-size holdings and a limited increase in the number of larger holdings. The trend has been toward specialisation in production, mechanisation and intensive cultivation. Farms have become more "commercialised" and are organised and operated like other economic enterprises.

165. The structural change in agriculture has been accompanied by changes in the size and structure of the agricultural population. The agricultural population has been declining in absolute as well as in relative terms, although agricultural output has increased, often spectacularly. Self-employed persons continue to constitute the predominant group among the agricultural labour force. Mechanisation of agriculture has reduced the demand for agricultural labour and the workers are increasingly geared to using complex machinery and new farming methods. Wage levels and conditions of work of agricultural workers have generally shown considerable improvement.

166. Among hired farm employees there are those steadily employed by the same employer the year round, those who usually work all the year but move from one farm to another, and those who are mostly employed in other sectors of economic activity (or mostly stay outside the labour force) but work on farms during a short period of the year. Housewives and students who are normally not in the labour force may do farm work for a few weeks in the harvest season. Seasonal employees may include three groups: local workers, domestic migratory workers and temporary immigrants, i.e. foreign workers.

167. A feature of employment of hired labour in some countries such as the United States is that seasonal employees outnumber regular agricultural employees because the latter have decreased relatively more than seasonal employees in recent decades.

168. In some countries, such as the United Kingdom, Australia, Canada and the United States, certain types of farm operations are done by agricultural contractors, for example, muck spreading, heavy ploughing, ditching, land clearing, sheep shearing, sugar-cane cutting, draining, fertilizer spreading and spraying. The workers concerned are regarded as agricultural employees.

169. Agricultural employees are paid on the basis of time rates, piece rates and combination time-piece rates. The time units used are month, week, day and hour. It is clear that piece rates can be applied only for set tasks where work "units" completed are measurable. In some regions, agricultural employees receive part of their remuneration in non-cash form, such as free board and lodging, fuel, clothing, laundry services and free use of land plots,
agricultural materials and equipment. The types of goods and services which are permitted as payments in kind and the prices (or method of evaluation) are sometimes prescribed in collective agreements or awards of tribunals.

170. Minimum wage rates are generally fixed in awards and collective agreements according to type of work, occupation and level of experience and skill; commonly, separate rates are fixed for men, women and young workers. Normal hours of work in agriculture are laid down and supplementary and overtime hours are regulated in almost all the industrialised countries. In practice, actual working hours are often somewhat more flexible than in non-agricultural enterprises and different limits of normal hours of work may be fixed according to the season.

171. Agricultural workers are generally entitled to paid leave. Other conditions of work are also commonly negotiated between employers and trade unions and are incorporated in collective agreements or industrial awards. In most of the developed countries, social security schemes have been extended to agricultural workers, especially to regular employees.

Centrally Planned Socialist Countries

172. Agricultural enterprises in the countries with centrally planned socialist economies include state farms, collective farms (agricultural co-operatives) and small private farms. In addition, members of collective and state farms cultivate small personal agricultural plots mainly to provide products for personal consumption. State farms frequently specialise in particular crops, or livestock or dairy products. The relative importance of state farms varies but in most socialist countries they employ large numbers. The collective farms are co-operatives of peasants who hold in common the means and implements of production, who work on the farm and who share in the results of agricultural operations.

173. As a rule, the bulk of agricultural output is produced in the socialised sector (state farms and collective farms). Wage paid employment in the socialised sector is principally on state farms and is mainly on a permanent basis. Some temporary and some seasonal workers are also employed.

174. The relative importance of private farms owned by individuals varies from one socialist country to another. In some cases their number is negligible today while in others they are still numerous. In either case, they rely almost exclusively on labour provided by the farmer and his family.

175. In some socialist countries, employees of state farms and collective farms are organised in trade unions. They are covered by state social security schemes and are protected by labour legislation in regard to their employment, wages and conditions of work. Co-operatives may have, in addition, their own social security schemes. Workers on state farms are guaranteed a minimum wage under labour legislation and payments in kind are generally negligible. Members of co-operatives are usually remunerated monthly for their labour input, sometimes partly in kind. At the end of the year, they also share in the results of economic activity of the co-operative. In some socialist countries, members of collective farms qualify for a guaranteed minimum monthly income.

National Practices in the Collection and Compilation of Statistics of Wages and Hours of Work in Agriculture

176. National practices in the collection and compilation of agricultural wages statistics differ from one country to another and even between sectors of agriculture in some countries. A brief description is given below of the sources and methods of collection and compilation of agricultural wages statistics in seven countries (Canada, Ghana, India, Arab Republic of Egypt, United Kingdom, USSR and Yugoslavia). The information has been drawn from reports prepared for the Office by consultants from these countries (see paragraph 154 above). The different approaches and practices in this field described by the consultants are, in many cases, typical of a group of countries.
Canada

177. The major sources of data on wages of hired agricultural labour are the quinquennial census of agriculture and the monthly survey of farm labour and wage rates. The census as well as the monthly survey are carried out by the agricultural division of the Dominion Bureau of Statistics.

178. The current regular series of wages statistics are based on the monthly survey of farm labour and wage rates. Slightly more than 3,000 questionnaires are mailed to farmers chosen on a judgment basis. The reporting unit is the farm. Returns are usually received from about two-thirds of the farms. The sample farm reports for the fifteenth day of the month, the cash wage rates with and without the provision of board, lodging or house, separately for different classes of hired labour engaged respectively on an hourly, daily, weekly, monthly and yearly basis. The wage data may relate either to the sample farm or to rates prevalent in the neighbourhood. Where members of the family are paid wages, they are included in the category of hired labour. Estimates of average hourly, daily, weekly and monthly rates are worked out for the provinces, regions and the whole country. The reported wage rates cover different occupations requiring a wide range of skills. The data are of value chiefly as indicators of trends rather than as measures of absolute levels.

179. Data on wages are collected in the quinquennial censuses of agriculture. This information is used to calculate "labour cost", which is termed "wages to farm labour". The reference period of the estimates is one year. Intercensal estimates of cash wages are prepared by projecting the census benchmark information using the monthly data on wage rates. A major limitation of the "labour cost" data, apart from the omission of payments in kind is that neither census schedule or enumerator's manual have clearly indicated whether or not the quoted value should include payments made by the employer for pension funds, unemployment and other insurance schemes for the employees. The consultants conclude that the estimates of labour cost in Canada probably more closely approximate earnings.

180. The only recent information available on the type and value of payments in kind was derived from a survey of farm income and expenditures carried out in 1958. Some 75 per cent of those farmers employing paid labour reported providing perquisites, such as food, house or lodging, laundry, fuel, transport, etc. which amounted to 20 per cent of remuneration.

181. The nation-wide monthly labour force survey based on a sample of households is the only regular source of data on hours of work in agriculture. Estimates are made at the national level of average hours worked by persons whose principal activity is agriculture.

Ghana

182. For the traditional sector of agriculture which accounts for the bulk of agricultural employees, there is no regular collection and compilation of statistics of wages and hours of work. A limited amount of information on wages and hours of work is available from agricultural censuses and surveys of cocoa farming, tea cultivation, etc. The emphasis, however, has been on information on agricultural production rather than agricultural labour. A number of family budget surveys of agricultural households have also been taken and have provided some information on wages. Available data from all these sources are not adequate to draw any clear picture of the wage situation of agricultural labour in the traditional sector.

183. Regular compilation of statistical series of earnings is made in respect of employees in the organised sector of agriculture covering state farms, institutional farms and collective farms as well as registered farming enterprises in the private sector. This compilation is based on the quarterly and annual returns of establishments in all important non-agricultural sectors and the organised part of the agricultural sector. Quarterly returns have to be submitted by establishments employing ten or more workers and annual returns by all establishments irrespective of size. More detailed information is collected in the annual return than in the quarterly return. Separate information is collected for workers of each sex on earnings of daily-rated and monthly-rated African employees and non-African employees. Data on normal hours of work
and overtime hours are also reported. Information on payments in kind was not included formerly but the revised questionnaire issued in December 1969 requested this information. Earnings data collected in the annual return relate to the month of December.

184. Data on labour cost of hired labour as part of agricultural production cost have been collected in ad hoc surveys of cocoa farming, tea cultivation and other agricultural surveys.

185. Some attempts have been made to estimate the value of payments in kind in the traditional sector. However, in view of the diversity of practices in different parts of the country, it is difficult to reach a consensus on this point. On the whole, payments in kind probably would vary from 75 to 125 per cent of cash wages.

India

186. The current regular time series of agricultural wages relate to wage rates. These are compiled by the Ministry of Food and Agriculture from information supplied by village officials. A purposive sample of villages (one or two typical villages in each district of the different states) is used. The main objective of the survey is to provide part of the information needed in connection with assessment of trends in agricultural costs, agricultural wages constituting a major item. The wage rate information refers to (i) skilled labour, (ii) field labour, (iii) other agricultural labour, and (iv) herdsmen. For the latter three categories, data are collected for men, women and "children". The category skilled labour includes village artisans: (a) carpenters, (b) blacksmiths, and (c) shoe-repairers. The wage rates compiled cover payments in cash and kind. The data collected on wages in kind specify the commodity, the quantity and cash equivalent. Estimates are made of wage rates in each state. Information on normal working hours for the village as a whole is collected in the survey.

187. The main deficiencies of the wage rate statistics are: (i) the selection of villages for the survey is purposive and therefore the representativeness of the sample is not known, (ii) the information collected is subject to great bias and (iii) although wage payments in kind are included, there is no definite instruction in regard to the prices at which they are to be evaluated.

188. Statistics of earnings have been collected periodically in two Agricultural Labour Enquiries (ALE) conducted in 1950-51 and 1956-57 and in a Rural Labour Enquiry (RLE) conducted in 1963-65. These were nation-wide household sample surveys with the specific objectives of providing information on the living and working conditions of agricultural labour, agricultural wages constituting a major item. The reporting unit chosen for the surveys was the household in view of the casual nature of wage paid employment in the traditional sector of agriculture which, according to the 1961 population census, accounted for 31.5 million agricultural employees as against 1.2 million employees in the organised sector.

189. In the first ALE, agricultural labour was defined to comprise persons employed for wages in the process of crop production who were so engaged for 50 per cent or more of the total number of days they worked during the reference year. In the second ALE (1956-57), the scope of the survey was extended to dairy farming, livestock production, horticulture, and any practice performed on a farm as incidental to or in conjunction with, farm operations. The time criterion for defining agricultural labour was also changed to an income criterion, i.e. a person was deemed to fall within the scope of the survey if his major source of income during the year was agricultural wages.

190. Earnings were considered to include payments wholly or partly in cash, or wholly in kind, for work done during the period under reference. Earnings in kind covered also the perquisites that a person received customarily for the work performed. In case of piece work, the cash value of wages per day was taken.

191. The earnings data from these inquiries related to the year as a whole. Separate information for different parts of the year, to reflect the seasonal picture and the intra-year movements in earnings, was not collected. As the concepts and definitions and the basis of evaluation of payments in kind were modified from one inquiry to another, the results are not strictly comparable.
192. Evaluation of payments in kind was done in the first ALE (1950-51) at retail prices, taking the monthly averages for the village or the nearest market from which the villagers made their purchases. In the case of housing, approximate monthly rental value was taken. During the second ALE (1956-57) and the RLE (1963-65) the basis of evaluation of wage payments in kind was local wholesale prices. Meals given to workers were evaluated at the equivalent of the cost of such meals prepared by the worker himself. For evaluating certain other kinds of payments or perquisites the method was similar to that adopted for meals, i.e. equal to the cost for the worker to obtain them himself. According to the second ALE (1956-57) 40.5 per cent of the man-days worked were paid for wholly in kind, 10.8 per cent in cash and in kind and the rest (nearly 49 per cent) wholly in cash.

193. The Minimum Wage Rules now in force stipulate that the cash value of wages paid in kind should be computed at the retail prices in the nearest market.

194. As regards the plantation subsector, statistics of earnings and hours of work are obtained as a by-product of the administration of the Plantation Labour Act. However, these statistics cover only large plantations coming under the Act and exclude some plantations. Statistics of the wage structure in certain plantation industries have been collected in the 1958-59 Occupational Wage Survey which covered in addition manufacturing and mining industries. Data on wage rates and earnings for a sample of individual employees in each occupation within the selected establishments were also collected.

195. Ad hoc studies in "Economics of Farm Management", undertaken by the Ministry of Food and Agriculture provided certain information on cost of hired labour as an item in agricultural production cost but the coverage of these studies is very limited.

Arab Republic of Egypt

196. Compilation of agricultural wages statistics on a current regular basis has not been undertaken in the Arab Republic of Egypt, except for employees in establishments engaged in agricultural services. The annual survey of employment, earnings and hours of work in establishments employing ten or more workers covers non-agricultural activities and agricultural services. Farming is excluded. This annual survey does not provide useful statistics of wages in agriculture.

197. Labour force sample surveys conducted in the ARE have provided data on hours of work of agricultural employees. In 1966 a household survey was carried out using a large national sample to study the characteristics of the population, with a subsample of economically active persons for the collection of detailed information on many topics, including earnings of wage earners and salaried employees.

198. The Ministry of Agriculture collects data on wages paid in the cost of production survey for each crop during the main season of the year. But these statistics have very limited use for measuring the level and trend of wages.

199. Information on payments in kind is not collected in the annual survey of establishments. In household income and expenditure surveys, payments in kind have been evaluated according to retail prices prevailing locally at the village market.

United Kingdom

200. The principal sources of statistics of wages and hours of work in agriculture (including horticulture) in the United Kingdom are (i) the Wages and Employment Enquiry, conducted by the Ministry of Agriculture, Fisheries and Food, (ii) the New Earnings Survey, carried out by the Department of Employment and Productivity, and (iii) the Farm Management Survey conducted by the Ministry of Agriculture, Fisheries and Food.

201. Of these, the Wages and Employment Enquiry is specifically designed to collect statistics of labour in agriculture. It complements the agricultural censuses carried out periodically by the Ministry. The survey covers farm...
workers in agriculture and horticulture, of whom hired workers form only a part. For the purpose of the survey agriculture is considered on an activity basis. The survey excludes clerks, managers, estate workers and agricultural employees of agricultural contractors.

202. Initiated in 1946 and covering England and Wales, the inquiry is the chief source of agricultural earnings and hours of work and provides a time series over the years. The data from the inquiry have been also used to estimate annually the cost of hired labour as an element of agricultural cost. The basic statistics collected in the inquiry yield estimates of average weekly earnings, weekly hours of work and hourly earnings, the occupational distribution of the agricultural labour force and the total cost of hired agricultural labour.

203. The inquiry is carried out annually, for the year ending March, on a random sample of farms spread over the year. The sampling design allows computation of quarterly estimates of earnings and hours of work and thus provides information on the seasonal variation of earnings over the year. Since 1962, the quarterly sample has been further divided into monthly samples thus enabling compilation of monthly estimates of earnings and hours of work.

204. The coverage extends to those engaged in any of the ordinary work of running an agricultural or horticultural holding including drainage, hedging and ditching and other maintenance and repair work, the marketing of the produce grown on the holding and the supervisory work of bailiffs and foremen. Family workers and hired workers are covered whether full or part time. It is for regular whole-time hired workers that most data are obtained.

205. The information is collected in prescribed forms by wages inspectors by personally visiting the farms. The inspector obtains both the employer's and employee's versions of the facts to ensure the validity of the information furnished.

206. Earnings of hired workers are subdivided into "standing wage and variation in standing wage". "Standing wage" comprises (i) cash earnings including employees' contributions to social security insurance, and (ii) payments in kind (legally allowable and others). "Variations in standing wage" include (i) non-contractual overtime, (ii) piece work, (iii) bonuses and (iv) other adjustments, e.g., for sickness, holidays, etc. The weekly earnings are also classified into prescribed wage and premium. The classifications followed and the terms used are according to the Agricultural Wages Act.

207. Family workers who are paid are not considered in the category of hired labour and wages paid to them are excluded from earnings data. Average earnings are published for adult males, adult females and youths and also for certain occupations.

208. Wage payments in kind to hired workers are grouped into (i) food and drink (e.g., potatoes, milk), (ii) housing or lodging, (iii) fuel, (iv) transport (use of farm car) and (v) other. These payments in kind are valued at rates prescribed by the Agricultural Wages Board—e.g., all cottages are valued at the fixed standard rental which may be considerably below market rate or cost to the employer.

209. The New Earnings Survey (NES) undertaken on a regular basis since 1970 by the Department of Employment and Productivity is designed to cover all employees in all economic sectors, including agriculture. The estimates of earnings and hours of work derived from the survey, however, differ in some respects from those obtained from the Wages and Employment Enquiry.

210. In the NES, which is an annual establishment survey, the data on earnings cover also clerks, domestic servants, game keepers, gardeners, etc. as well as the hired agricultural workers covered by the Agricultural Wages Board Act. The earnings data from the NES relate to cash earnings only for a single pay period in the year (a week for those paid weekly) and cannot take account of seasonal variations in earnings and hours of work.

211. The Farm Management Survey in England and Wales is carried out by university departments of agricultural economics on behalf of the Ministry of Agriculture. Its purpose is to obtain, from records maintained by a sample of farms, a body of economic and financial information about individual farm
enterprises. This information is used in farm management work, teaching and for research and to indicate year-to-year changes in the economic conditions of farming, as an aid to decisions on agricultural policy. Data on labour cost of hired workers are collected as part of information on total farm costs. The survey however is not designed to provide representative data for measuring levels and trends of wages.

**USSR**

212. The principal source of information on employment, earnings and time worked in agriculture in the USSR is the regular monthly report by the state farms (sovkhozes) and the regular quarterly report by the collective and co-operative farms (kolkhozes). Statistical data for individual private farms and subsidiary plots are collected through household surveys. Hired workers on private farms are negligible and of the total, state farms account for about one-third and collective farms about two-thirds.

213. All persons employed in state farms are employees (wage and salary earners). Members of collective and co-operative farms are not called employees. The collective farms engage some hired workers but they are classified with members of the collective farms for purposes of statistical reporting. Wages statistics in "agriculture" cover persons engaged in activities relating to crop and livestock production as well as primary processing carried out in sovkhozes and kolkhozes such as canning of meat, fruits and vegetables, ginning of cotton, etc., transportation to the market and also capital repairs, building and construction, various communal, social and personal services. It is estimated that about 90 per cent of the total labour input in "agriculture" is devoted to crop and livestock production.

214. The sovkhozes and kolkhozes establish wage funds which consist of (i) direct wages and salaries, (ii) incentive bonuses in cash and in kind stipulated in labour agreements, (iii) bonuses and allowances such as length of service bonuses, (iv) payments for time not worked, (v) paid regular and additional leave, (vi) the value of communal services and foodstuffs provided free of charge. There are also other funds: special funds, social security fund and public funds of consumption from which wage and salary earners and members of sovkhozes and kolkhozes receive additional bonuses and gratuities.

215. Statistics of earnings reported by the sovkhozes and kolkhozes relate to the payments made from the wage fund. Payments in kind are not significant in the sovkhozes and the published statistics of earnings in their case relate only to cash earnings. In the kolkhozes, however, payments in kind in the form of foodstuffs, fodder, cotton, sugar beet, flax, etc. and dwellings are evaluated at state retail prices and included in the earnings statistics.

216. The statistics of earnings of state farm workers are published once a year, expressed as average monthly cash earnings; earnings of wage earners and salaried employees respectively are also given. For the kolkhozes, statistics of earnings are also published once a year, but in the form of daily earnings in cash and in kind.

217. The data on time worked reported by the state farms and collective farms include information on both hours and man-days actually worked and those paid for. These compulsory reports contain much information including data on individual employees which can be used for the compilation of statistics of wage structure and distribution as well as labour cost statistics. However, these latter statistics are not published.

**Yugoslavia**

218. Agricultural activities are defined to include crop and livestock production, services connected with such production and fisheries. Holdings operated by individual farmers account for about 95 per cent of the manpower used in the agricultural sector. Employment of hired labour in these holdings is negligible (e.g. in 1969 holdings of individual farmers employed only 1,400 hired persons). In addition to the individual holdings, the agricultural sector includes (i) state agricultural enterprises, such as state farms and agricultural processing establishments and (ii) co-operative farms, general agricultural
co-operatives, etc. The number of employees in the state and co-operative farms was around 230,000 persons in 1969 or about one twenty-fifth of total employment in agriculture.

219. The Federal Institute for Statistics collects through compulsory monthly reports, from the state farms and agricultural establishments and agricultural workers' organisations, statistics of net personal income and hours of work along with data on employment. The data on net personal income relate only to cash payments which are paid from the personal income funds established in each state enterprise and workers' organisations. These payments include all sums received for time actually worked including overtime hours and for the time-with-job-but-not-worked, such as paid leave, holidays, lay-off, etc. All payments are calculated after deducting taxes and social security contributions of employees. Payments in kind are negligible and therefore not included in the net personal income.

220. The term "net personal income" seems to connote the same as net earnings. These statistics are published monthly and are expressed as average monthly net personal income, with details by region, level of education and skill, and separately for wage and salary earners.

221. The data on hours of work contained in the compulsory reports include information on hours actually worked and on hours paid for. Statistics of hours of work are published once a year in the form of average hours per month per worker, with analyses of hours actually worked, regular and overtime work, time not worked but paid for such as annual leave, sick leave, work interruptions, etc.

222. Statistical data for farms operated by private individuals are collected through a regular monthly sample survey of about 2,500 peasant holdings. Special interviewers collect the information on personal income and other details every month by visiting the holdings.

Development of International Recommendations Concerning Statistics of Wages and Hours of Work in Agriculture

223. The main aims of the research undertaken by the Office have been to develop a programme of agricultural wages statistics which will be suitable for both developing and developed countries and to provide guidelines in respect of the concepts, definitions and methods of collection and compilation of these statistics. One objective was to develop the programmes for the agricultural sector within the framework of a broad system of wages statistics covering all economic sectors.

224. The views and suggestions of the consultants as well as the background information they supplied have been very useful, even though their recommendations often have been largely influenced by national practices and needs. The consultants differed on many issues, but their conclusions on various questions connected with the collection and compilation of agricultural wages statistics, covered much common ground, as well as helping to clarify certain issues such as those relating to the scope of the agricultural sector, definition of agricultural employee, definitions of wages and hours of work, the basis of valuing payments in kind and the scope of agricultural wages statistics programmes.

Scope of the Agricultural Sector

225. In agricultural censuses, the agricultural sector is demarcated in terms of agricultural holdings. For the purposes of the 1970 World Census of Agriculture, the Food and Agriculture Organisation of the United Nations has defined agricultural holding as follows:

"A holding for census purposes is all the land which is used wholly or partly for agricultural production and is operated as one technical unit by one person alone, or with others, without regard to title, legal form, size or location."
Establishments and other units not including any agricultural land (piggeries, hatcheries, poultry batteries, dairies, feed lots, livestock kept by nomadic tribes, etc.) are also to be considered as holdings, whether they are located in rural or urban areas.

Agricultural production for census purposes includes the growing of field crops, fruits, grapes, nuts, seeds, tree nurseries (except those of forest trees), bulbs, vegetables and flowers both in the open and under glass; production of coffee, tea, cocoa, rubber; and the production of livestock and livestock products, poultry and poultry products, honey, rabbits, fur bearing animals, silk worm cocoons, etc.

Forestry and fishery production carried on as an ancillary activity on an agricultural holding is also considered as agricultural production. However, if agricultural activity is carried on as an ancillary activity in a unit, the major activity of which is forestry, the forest area and production should be excluded from the census but the area devoted to agriculture should be included.

Establishments producing only forest products, race horses, fish, frogs, dogs or wild game are not to be considered as agricultural holdings.

226. Thus, for the World Census of Agriculture, the agricultural sector corresponds to major group 111 of the ISIC relating to agricultural and livestock production. Agricultural services rendered on a fee or contract basis generally by establishments (or contractors) are not covered in the agricultural censuses. These cover agricultural, animal husbandry and horticultural services specified in the major group 112 of ISIC.

112 Agricultural Services

Agricultural, animal husbandry and horticultural services on a fee or contract basis, such as harvesting, baling, threshing, husking and shelling; preparing of flake for sowing; cattle shearing; pest destroying and spraying; seeding and spraying by aircraft; spraying; picking of fruits and vegetables and packing on the farm and on the account of the producers elsewhere; and the operation of irrigation systems. The provision, on a fee or contract basis, of agricultural equipment along with the services of drivers and other attendants of the equipment, is covered in this group, but the letting of agricultural equipment solely, is classified in major group 833 (machinery rental and leasing). Veterinary services on a fee or contract basis are classified in group 9332 (veterinary services); establishments primarily engaged in the transportation of farm products are classified in the appropriate group of division 71 (transport and storage); and the operators of horse and dog racing stables are classified in group 9490 (amusement and recreation services, not elsewhere classified).

227. Population censuses, household surveys and establishment surveys treat persons engaged in agricultural services as belonging to the agricultural sector. It is therefore advisable for the purposes of wages statistics that the agricultural sector should comprise major groups 111 and 112 of the ISIC. The factors affecting wages, hours of work, employment in forestry and fishing are generally rather different and these industries should be covered separately for wages statistics programmes. Hunting, trapping and game propagation (major group 113) should be also excluded from the agricultural sector for the purposes of wages statistics.

Agricultural Work and Agricultural Employees

228. The FAO has defined agricultural work for the purposes of the agricultural census as follows:

"By agricultural work or agricultural activities, is meant any farm work or planning necessary to the operation of the holding. It includes feeding and caring for livestock and poultry; working in the field, working in the market or kitchen gardens; planning farm work, supervising other agricultural workers, keeping farm records; taking farm products to market; bringing feed, fertiliser, or other supplies from town to the holding; repairing fences, farm equipment, machinery, etc.; constructing
buildings and fences with farm help; and related activities. Land reclamations and improvements, if carried out by the farmer and his labour force, should be considered as agricultural work. It excludes work related to the operation of the home, contract construction work done by persons employed specifically to do such work, labour performed by inmates of institutions, workers employed by a contractor, and handicraft work."

229. Agricultural workers, i.e. persons employed in agricultural work, include the following for purposes of the World Census of Agriculture: (a) the holder regardless of the amount of time he has spent in agricultural work; (b) members of holder's household not receiving full wages in money or kind and who are engaged in agricultural activities (mainly family workers); (c) participants in co-operative, collective and communal holdings; and (d) all persons working for pay on the holding. Only the last category constitutes "agricultural employees" for purposes of wages statistics. Members of the holder's household who work on the holding and receive full wages in money or kind for their work are also to be classified as agricultural employees.

230. The FAO programme for the World Census of Agriculture established definitions for permanent, temporary and occasional agricultural workers on the basis of time worked on the reporting holding. Although the data on employment in agriculture collected in the census refer to one week only, the classification of workers as permanent, temporary and occasional is based on the amount of time they worked on the same holding during the entire year, or during a shorter period where agricultural work is done generally during part of the year only. Permanent agricultural employees are those who have been employed on the holding for a total period of at least half of the working time during the year. Temporary agricultural employees are those who have been employed on the holding for a total period of less than one-half but for at least one-third of the working time during the year. Occasional workers are those who have not worked on the holding before the census week and others who have been employed on the holding for a total period of less than one-third of the working time during the year.

231. As some employed persons in the traditional sector of agriculture alternate from agricultural employment to non-agricultural employment and from working for wages to self employment, an appropriate criterion is needed to distinguish agricultural employees for the purposes of household surveys. The notion of agricultural employee as a person attached to a particular agricultural holding is not suitable, especially in the traditional sector. One possible criterion is principal work activity, which could be determined on the basis of the relative importance of either the time worked as an agricultural employee, or the income accrued from such work, during the specified time-reference period. If household surveys are carried out on a current and repeated basis, e.g. monthly or quarterly (as in the case of labour force surveys in some countries), a short reference period normally would be applied and it is then relatively easy to use either the income or time worked basis. The result is likely to be much the same whichever of the bases is used.

232. On the other hand, in an ad hoc survey or household surveys carried out at long intervals, a long reference period, preferably a full year, is recommended for identifying agricultural employees in view of the intermittent and seasonal nature of employment in agriculture. When a year is used as reference, it is more preferable to use the income criterion rather than the time worked criterion.

Earnings

233. The definition of earnings given in Chapter V above is generally suitable since it is adaptable to the conditions of the agricultural sector, including the traditional sector of agriculture in developing countries. Payments in kind constitute an important component of earnings in agriculture but certain other components are negligible in most countries, for example remuneration for time not worked, bonuses and gratuities, and family allowances directly paid by the employer. These circumstances, however, do not affect the applicability of the general concept of earnings.
Wage Rates

234. The discussion on concepts and definitions in Chapter V distinguished two types of wage rates. The first type related to the prescribed amount payable for normal work periods per hour, day, week, month or year. The other type of wage rate is based on the actual amount paid to employees for normal work periods and the total time actually worked (or total time paid for). Although both types of wage rates are relevant to the agricultural sector, wage rates calculated on the basis of actual payments are likely to be more meaningful generally. In any case payments in kind should be included in the wage rate statistics.

Hours of Work

235. The definitions of hours of work contained in the resolution of the Tenth International Conference of Labour Statisticians (1962) are generally applicable to agriculture in the developed countries and the organised sector of agriculture in the developing countries. However, to collect reliable data on hours of work is far more difficult in agriculture than in other sectors such as manufacturing.

236. In the traditional sector of agriculture in developing countries work is not normally conceived in terms of "hours" and wages are not paid on a "per hour" basis. It is more usual to engage labour and to pay wages by the day. The consultants from the developing countries therefore suggested to adopt a "day" as the time unit for collection of data. Wage rates and earnings per man-day (worked or paid for) would be useful for most purposes served by such statistics.

237. Statistics of labour-time disposition in terms of hours are collected in some countries in labour force surveys covering also the traditional sector of agriculture. The FAO envisages collection in the 1970 agricultural censuses of data on man-hours worked. FAO has also proposed successive sample surveys during the year to collect information on the labour input in agricultural holdings in terms of man-hours. Despite the practical difficulties, an attempt should be made in wage surveys of the traditional sector to collect some information on hours of work, for instance, man-days worked and estimated average daily hours worked.

Labour Cost

238. The concept and the definition of labour cost contained in the resolution of the Eleventh International Conference of Labour Statisticians (1966) are suitable for the collection and compilation of labour cost statistics relating to agricultural enterprises in which the main part of labour input is from hired labour. In developing countries such statistics would therefore be restricted to the organised sector of agriculture.

Wage Payments in Kind and Bases of Evaluation

239. Wage payments in kind in agriculture are significant and widespread in both the developing and developed market economy countries. Moreover, such payments are particularly important in the traditional sector of agriculture where, for various reasons, wages are often paid wholly or substantially in kind, particularly in respect of certain agricultural operations. In such cases, payment may be made on a daily basis or at longer intervals. Sometimes wages take the form of bulk "payments" at the end of the season and may consist mainly of food grains, although payment in other agricultural commodities is not uncommon. All the commodities received by employees are not necessarily utilised by them for direct consumption; a part may be sold currently or at a later date and the proceeds used to buy other goods or services. Such wage payments in kind clearly are of a different nature and should be distinguished from those which supplement cash wages but as a rule form only a small part of the total wage. This latter type of payments in kind, which is typical of developed market economy countries and the organised sector of agriculture in the developing countries, takes the form of food, housing, transport and other services, etc., given free, or at concessional prices, usually on a regular or continuing basis.
240. For statistics of labour cost and compensation of employees (SNA), payments in kind are to be valued at cost to the employer. On the other hand, for evaluating the wage income of employees (e.g. in connection with household surveys), the general practice is to take the value accrued to the consumer. According to most of the consultants, it is desirable to apply the same method of evaluation for purposes of statistics of earnings since the object is to measure the level of living or welfare of employees. It also ensures comparability of data on total earnings of employees in different sectors, from the point of view of purchasing power, whether earnings are received wholly in cash or partly in cash and partly in kind.

241. In view of the dual nature of wages as cost to employer and income to employee, it follows that frequently there is need to evaluate payments in kind according to both of these conceptual bases. This is especially true of the agricultural sector where wage payments in kind play a large role. However, evaluation of payments in kind according to either concept encounters serious practical difficulties. Nor has it been possible to reconcile the different suggestions made by the consultants and arrive at a consensus. Further work is needed at the national as well as the international level to evolve suitable techniques for evaluation of payments in kind.

242. Generally speaking, it is easier for the employer to provide information on the money value of payments in kind according to the concept of cost to the employer. For evaluation on this basis, farm prices, producer's selling prices or wholesale prices usually provide suitable estimates. On the other hand, valuation of payments in kind on the basis of local retail market prices furnish suitable estimates of the value accrued to the employee.

Programme of Statistics of Wages in Agriculture

243. The wages statistics programme for the agricultural sector, in principle, should be developed within the framework of the integrated system of wages statistics covering statistics of earnings, wage rates, hours of work, wage structure and distribution, and labour cost. The chart in Chapter VII outlines a programme of wages statistics in agriculture along with that proposed for the non-agricultural sectors. The objectives are basically the same as described in Chapter IV. However, in determining its programme for agricultural wages statistics, each country would have to determine priorities among the different parts of the integrated system. In addition, apart from the special problems of collection of information on certain items for the agricultural sector, the resources needed are usually greater than required for an equivalent programme in non-agricultural sectors, notably if the traditional sector of agriculture is covered. A practical programme of wages statistics in agriculture, therefore, could not attempt to cover all that is envisaged in the integrated system, at least initially.

244. In the developing countries, separate programmes for collection and compilation of wages statistics should be developed for the traditional sector and the "organised" sector of agriculture since these need different approaches and data collection techniques. The data collected in the two subsectors, so far as possible, should be suitable for combination to produce statistics for the agricultural sector as a whole. As regards the developed market economy countries and some centrally-planned socialist countries, division of the agricultural sector into organised and traditional subsectors generally would not be necessary for purposes of collection and compilation of wages statistics.

245. As in the case of the non-agricultural sectors, the agricultural wages statistics programme should aim to meet both short-term and long-term needs. It should envisage the compilation of wages statistics for current purposes on a recurring basis and compilation of more detailed and comprehensive wage data at longer intervals for structural analysis and similar purposes.
246. The current statistics programme for the organised agriculture should be similar to that for the non-agricultural sectors and should comprise: (i) statistics of average earnings and hours of work and (ii) statistics of wage rates and normal hours of work. As regards the traditional sector of agriculture, the scope of the current wages statistics programme may be limited to the compilation of either statistics of average earnings and hours of work or statistics of wage rates and normal hours of work since it does not seem possible at this stage for many developing countries to compile both types of series.

Statistics of Average Earnings and Man-Days or Hours of Work

247. Statistics of average earnings should relate to a meaningful time unit of work such as an hour or a man-day depending on the national practice and practicability of collection of the data. The main emphasis in the current statistics programme is to indicate and measure changes in the level of earnings and man-days or hours of work of agricultural employees. As the intra- and inter-season variations in the levels of earnings and man-days or hours of work are bigger in the agricultural sector than in other sectors, monthly series would be the most useful. As a minimum, therefore, current surveys should be conducted quarterly.

248. In the traditional sector of agriculture in the developing countries, and to some extent elsewhere, agricultural employees' work commonly is intermittent or irregular, as in the case where many are engaged on a casual or daily basis and move frequently from one employer to another. Therefore, the agricultural employee is the ideal source for providing complete data on his earnings and man-days or hours of work during the specified reference period and the household approach is appropriate for the collection of the data in these circumstances. In highly organised agriculture, covering plantations and large commercial farms, and also where farm workers are employed on much the same basis as in non-agricultural industries like manufacturing, it is possible to collect the data from establishments (i.e. farms).

249. As the literacy rate is low among agricultural employees in the traditional sector of agriculture in the developing countries, the interview method should be used for the collection of wage data from the households of agricultural employees. Such household surveys, using a sample of adequate size dispersed over the whole country would be too expensive to undertake on a recurring basis solely for the purpose of compiling current statistics of earnings and hours of work. In countries undertaking frequent labour force sample surveys, it may be possible to obtain the required data at reasonable cost, although this might pose practical problems. If a supplementary sample were necessary, the cost of the operation would also be an obstacle.

250. The current survey on earnings and man-days or hours of work should aim to cover all important categories of agricultural employees, whether paid wholly in cash, wholly in kind or in both cash and kind. However, in a survey undertaken at frequent intervals, it is not practical to cover employees, the major part of whose remuneration is not paid regularly each day, week or month.

251. The reporting period for data on earnings and man-days or hours of work needs to be carefully selected. Normally it would be a week or a month in current regular surveys. However, a particular week may not always reflect the average amount of time worked per week or average weekly earnings received in a selected month.

252. Average earnings should be expressed per man-day or per hour depending on the type of data collected on the time unit of work. In addition, average weekly earnings and monthly earnings per employee and the corresponding man-days or hours of work should be also compiled.
253. The amount of detail normally collected in a current regular survey will provide only a limited number of classifications of average earnings and man-days or hours of work. Certain components of earnings should be distinguished, wherever possible, in particular cash earnings, payments in kind and family allowances paid directly by the employer (where such payments exist). Separate estimates of average earnings and man-days or hours of work should be given, wherever possible and necessary, for males, females and non-adults, for full-time and part-time employees, for geographic regions or agricultural zones, and for different types of farms.

Statistics of Wage Rates and Normal Hours of Work

254. As there may not be frequent revisions of statutorily fixed or collectively agreed wage rates and hours, frequent compilation of such statistics may not be necessary.

255. The wage rates actually paid and the hours normally worked in agriculture are often different from those fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards. Each country, especially those which do not compile current regular series of earnings and hours of work should aim to undertake well-designed surveys as a basis for compiling current statistics of wage rates actually paid and the hours normally worked in agriculture. These surveys should be undertaken quarterly to provide information on the movement of wage rates and seasonal changes in hours normally worked.

256. Agricultural holdings are suitable reporting units for the collection of data on wage rates and normal hours of work. The current survey should normally cover only wage earners engaged by the selected agricultural holdings. They should include part-time and full-time employees engaged on an hourly, daily, weekly or monthly basis. If piece-rated workers are also covered in the survey, these rates should be distinguished from time rates of wages and shown separately. The customary reference period for purposes of collective agreements - usually a week or a month - could be used for the collection of data on wage rates and normal hours of work.

257. Statistics of average wage rates and normal hours of work should be given separately for males, females and non-adults, as well as for geographic regions or agricultural zones and for broad groups of agricultural employees such as ISCO unit groups of agricultural occupations.

Programme of Non-Current Agricultural Wages Statistics

258. The non-current statistics of wages in agriculture comprise: (i) statistics of wage structure and distribution and (ii) statistics of labour cost. As regards organised agriculture, the collection and compilation of these two items of statistics should take the same form as for industries in the non-agricultural sector.

259. In the traditional sector of agriculture in the developing countries the amounts paid as earnings to hired workers including the cost of wages in kind would practically account for all labour cost of employers since, as a rule, there is little or no expenditure by employers on social security, welfare services, vocational training, etc. for their employees. In these circumstances, it is not proposed to include collection of statistics of labour cost as a separate item in the wages statistics programme for the traditional sector of agriculture.

260. As regards the periodicity of compilation of non-current statistics, there appears to be a general support for collection and compilation at five-yearly intervals. There should be a link between the five-yearly and the current programmes of wages statistics in the sense that the former should provide the necessary benchmark data for compiling the current statistics of average earnings, wage rates and hours of work.
261. In some countries, comprehensive wage data are collected within the framework of or in conjunction with quinquennial censuses of agriculture using the agricultural holding as the unit of enumeration. This provides wage data compatible with other information concerning agricultural holdings.

262. When the basic purpose is to obtain data on the distribution of individual workers according to their total earnings for a month or a year and corresponding data on days or hours worked, the source of information should be the agricultural worker and not the holding. It is extremely difficult to obtain satisfactory information from employees on annual earnings unless interviews are conducted repeatedly throughout the year. Both the agricultural holding and the employee may be used as reporting units in combination. For instance, data on wage rates, labour cost and hours of hired labour input could be collected using the holding as the reporting unit, while data on total earnings and hours of work of employees might be collected from the employees currently working on the holding. The data collected from the employees should include any additional remuneration received for work on other agricultural holdings during the same reference period, and the corresponding hours.

263. In the traditional sector of agriculture in the developing countries, the only feasible approach for the collection and compilation of statistics of distribution of earnings and hours of work is the household sample survey. The earnings data, in principle, should relate to a full year. However, the sample may be designed in such a way as to provide monthly or quarterly estimates of earnings and hours of work.

264. Data on average earnings, wage rates, hours of work and labour cost derived in the periodic (five-yearly) statistics programme should be classified according to geographic regions or agricultural zones and major components. Data should be given for males and females, distinguishing adults and juveniles whenever possible, and for selected occupations. Wherever useful, data should be shown separately for employees who are paid wholly in cash, wholly in kind and partly in cash and in kind and separate details should be given for major items of payments in kind such as food and housing. In addition, the data should be classified wherever possible according to categories of employees (viz. permanent, temporary and occasional) and by broad types of agricultural holdings (dairying, poultry raising, livestock raising, field crops, mixed farms). Distributions should be compiled showing employees according to ranges of earnings and levels of wage rates respectively. The distribution of employees according to hours of work should also be compiled.
CHAPTER IX

CONSOLIDATION AND INTEGRATION OF INTERNATIONAL STANDARDS CONCERNING WAGES STATISTICS

265. A draft resolution concerning an integrated system of wages statistics prepared along the lines discussed in Chapters IV, V, VII and VIII is annexed for consideration by the Conference. Within the framework of an integrated system, the draft resolution attempts to consolidate and integrate existing international standards contained in various resolutions of the International Conference of Labour Statisticians and Convention No. 63 and also to make them comprehensive and up to date.

266. The draft resolution provides guidelines on concepts and definitions and on the methods of compilation of basic wages statistics. Within the general framework of the integrated system, it envisages compilation of statistics of earnings, wage rates, hours of work and labour cost in such a way as to be mutually consistent and to reveal the relationships between them. In addition to information on level, trend and composition of wages statistics the draft proposals include the compilation of statistics of wage structure and distribution. To meet short-term as well as long-term needs and also on practical considerations, the wages statistics programme outlined in the draft resolution is divided into two parts: current statistics programme and programme for non-current statistics. The current statistics programme comprises compilation of statistics of average earnings and hours worked and statistics of time rates of wages and normal hours of work. The programme for non-current statistics includes compilation of statistics of labour cost and wage structure and distribution. In view of the special problems of collection of data in the agricultural sector, the draft resolution includes a separate part dealing with particular aspects of agricultural wages statistics within the general framework of the integrated system.

267. The draft resolution recommends compilation of statistics of labour cost in accordance with the resolution of the Eleventh Conference (1966) on the subject since it is relatively recent and does not appear to need any revision at present. For the same reasons, it also recommends compilation of statistics of hours of work relevant to wages statistics in accordance with the comprehensive guidelines given in the resolution of the Tenth Conference (1962).

268. Convention No. 63 adopted in 1938 still remains the main international instrument providing guidance in the field of wages statistics in general. However, the Convention does not cover or covers inadequately a number of aspects of wages statistics which have been developed in the course of time, and which appear to be essential in modern economic and social analyses and for wage policies and administration. Some of the shortcomings of the Convention are briefly examined below.

269. The Convention is mainly concerned with only two areas of wages statistics, viz. statistics of average earnings and time rates of wages. Statistics of hours of work are dealt with in the Convention so far as they are needed for the compilation of average earnings and time rates of wages. Neither the Convention nor the resolution on the Convention of the Seventh Conference of Labour Statisticians distinguishes the short-term and long-term needs of these statistics.

270. As regards statistics of average earnings, the Convention does not define the concept of earnings. Attention is focused mainly on cash earnings which should be supplemented by value of payments in kind where they are significant and family allowances where they exist. The resolution on the Convention of the Seventh Conference also does not attempt to define earnings, although it requests countries to specify whether earnings as published include remuneration for time not worked, supplements for overtime and bonuses paid regularly; it further recommends the showing separately of the value of payments in kind and family allowances.

271. Statistics of wage rates to be compiled according to the Convention refer to time rates. The various provisions of the Convention suggest that the
rates specified should be normal time rates, generally expressed as minimum rates for different occupations fixed by or in pursuance of laws and regulations. However, paragraph 3 of Article 14 reads: "when rates of wages are described as minimum (other than statutory minimum) rates, standard rates, typical rates or prevailing rates or by similar terms, the terms used shall be explained". Negotiated minimum rates frequently differ from the actual rates paid to workers in many countries; the relationship between the two is not always known. In some quarters it is felt that statistics of wage rates compiled according to present provisions of the Convention have lost much of their significance in developed countries while the compilation of such statistics may still be useful for many of the developing countries.

272. Provisions of the Convention are thoroughly inadequate to give practical guidelines in the collection and compilation of statistics of wages and hours of work in agriculture. The Convention lays down an interval not exceeding two years for compilation of statistics of agricultural wages; this does not meet the need for current statistics to measure levels and trends. While the Convention states that statistics are to be compiled in respect of wage earners, it does not specify whether they should refer to earnings or wage rates. As may be seen from the preceding chapter, to specify the type of wages statistics to be compiled for the agricultural sector would have far-reaching consequences. Again, although the Convention requires that an indication be given of the nature of payments in kind by which money wages are supplemented, and if possible an estimate of the money value of such allowances, this provision does not help to obtain a realistic estimate of the wage level in agriculture. This is especially true of the traditional sector in those developing countries where wages are paid wholly or largely in kind for various agricultural operations. The Convention also does not give any guidance on evaluation of payments in kind.

273. The Convention took into account mainly the needs of the industrialised countries, but the economic and social structure of most countries has considerably changed since the adoption of the Convention in 1938. For instance, the relative importance of mining has decreased in many countries, while that of other activities, such as services and transport, has considerably increased. Although the resolution of the Seventh Conference acknowledged the importance of these changes as far back as 1949 by recommending extension of the compilation of statistics of wage rates, average earnings and hours of work to transport, commercial and trading activities and administrative services, these recommendations are not part of the Convention. Similarly, the resolution of the Seventh Conference recommended the extension of the scope of the Convention to cover salaried employees as well, but the Convention itself does not cover them.

274. Despite its shortcomings, Convention No. 63 has proved useful and continues to serve a useful purpose for the compilation of wages statistics in a number of countries; it has thus helped to promote international comparability of these statistics. The usefulness of the Convention might be considerably increased if it were revised with a view to making it a modern instrument providing guidance to both developed and developing countries. However, some hold that Conventions are not a satisfactory vehicle for providing international standards on wages statistics, or on any other type of statistics. In this connection, the 1968 Meeting of Experts, while recommending revision of Convention No. 63 by extension of its scope to all aspects of wages statistics in all branches of economic activity and also to all categories of employees, felt that it should not contain technical details. The latter should be dealt with in resolutions of the International Conference of Labour Statisticians.

275. The essential points contained in Convention No. 63 and in other existing international standards in the field have been incorporated in the draft resolution submitted to the present Conference where they are set out within the framework of an integrated and comprehensive system of wages statistics.
The Twelfth International Conference of Labour Statisticians,

Having been convened at Geneva by the Governing Body of the ILO and having met from

Recalling the existing international standards of statistics of wages and hours of work contained in the resolutions of the First, Seventh, Tenth and Eleventh International Conferences of Labour Statisticians and in Convention No. 63 concerning statistics of wages and hours of work (1938),

Recognising that the need for reliable information on wages and other forms of employee income has increased in recent years both in developed and in developing countries,

Recognising further the need to revise, broaden and integrate the existing standards in order to provide for the production of comprehensive and mutually consistent statistics of wages,

Believing that international guidelines for an integrated system of wages statistics will promote development of these statistics along sound lines and contribute to improvement of their international comparability;

Adopts this day of the following resolution:

General Objectives and Scope

1. Each country should aim to develop its wages statistics programme to provide information for the various users of wages statistics, particularly in connection with the measurement of levels of living of employees, wage determination, collective bargaining, economic and manpower planning and analysis, forecasting economic conditions and market conditions, formulating and implementing wage policies and income policies and studies of income distribution.

2. The programme of wages statistics should provide current data to meet short-term needs and other data to meet long-term needs and should be as comprehensive as possible. So far as possible, it should provide all the necessary information on individual fields of wages statistics, viz. statistics of (i) earnings, (ii) wage rates, (iii) hours of work and (iv) labour cost.

3. The statistics of wages compiled should include information on the level, composition and variations or trends of wages.

4. The different items and series of statistics included in the national programme should be compiled in such a way as to be mutually consistent and to reveal the relationships between them.

5. In order to realise the above objectives, national wages statistics programmes should be developed within the general framework of an integrated system and should comprise two parts: (a) current statistics programme and (b) non-current statistics programme.

6. (a) The current statistics programme should cover: (i) statistics of average earnings and hours actually worked and (ii) statistics of time rates of wages and normal hours of work.

(b) The non-current statistics programme should include: (i) statistics of wage structure and distribution and (ii) statistics of labour cost.

8. Statistics of hours of work relevant to wages statistics should be compiled in accordance with the comprehensive guidelines given in the Resolution of the Tenth International Conference of Labour Statisticians (1962) concerning Statistics of Hours of Work.

9. In view of the special problems of collection of the data, a separate programme of wages statistics should be drawn up for the agricultural sector, within the scope of the general framework of an integrated system of wages statistics, in accordance with the general recommendations below, so far as they are applicable, and with the special recommendations on agricultural wages statistics which follow.

Concepts and Definitions

Earnings

10. 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.

11. Statistics of earnings should relate to employees' gross remuneration, i.e. the total before any deductions are made by the employer in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees.

12. Statistics of earnings should distinguish cash earnings from payments in kind. Cash earnings should include: direct wages and salaries, remuneration for time not worked (excluding severance and termination pay), bonuses and gratuities, housing allowances and family allowances paid directly by the employer.

(a) Direct wages and salaries for time worked, or work done, cover: (i) straight time pay of time-rated workers; (ii) incentive pay of time-rated workers; (iii) earnings of piece workers (excluding overtime premiums); (iv) premium pay for overtime, late shift and holiday work; (v) commissions paid to sales personnel. Included in these items are: responsibility premiums and dirt, danger and discomfort allowances; payments under guaranteed wage systems; cost-of-living allowances and other regular allowances.

(b) Remuneration for time not worked comprises direct payments to employees in respect of public holidays, annual vacations and other time off with pay granted by the employer.

(c) Bonuses and gratuities cover seasonal and end-of-year bonuses, additional payments in respect of vacation period (supplementary to normal pay) and profit-sharing bonuses.

Wage Rates

13. Time rates of wages for normal periods of work should be distinguished from special and other rates such as piece rates, overtime rates, premium rates for work on holidays and shift rates.

14. The 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.
15. Wage rates should include basic wages, cost-of-living allowances and other guaranteed and regularly paid allowances, but exclude overtime payments, bonuses and gratuities, family allowances and other social security payments made by employers. Ex gratia payments in kind supplementary to normal rates are also excluded.

16. Statistics of wage rates fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards (which are generally minimum or standard rates) should be clearly distinguished from statistics referring to wage rates actually paid to individual workers. Each of these types of wage rates is useful for particular purposes.

Wage Payments in Kind

17. In view of the dual nature of wages as cost to the employer and earnings of the employee, it is necessary to evaluate wage payments in kind according to both of these concepts.

18. In principle, for earnings statistics payments in kind should be measured on the basis of the value accrued to the employee, since earnings refer to the remuneration or income of a specified group of employed persons, whereas for statistics of wage rates and labour cost the evaluation should be done on the basis of cost to the employer since these data refer to the cost of units of work time.

19. From the practical point of view, when earnings data are furnished by the employer, it is generally easier for him to express the money value of any payments in kind which are included as equal to the cost to him of the goods or services concerned. Where the employer is unable to report the actual cost incurred, it is convenient to use producers' selling prices, or wholesale prices.

20. Evaluation of remuneration received in kind on the basis of retail market prices generally provides a reasonable estimate of the value accrued to the employee. This method is frequently followed when income data, including wages, are collected through household surveys.

Current Wages Statistics Programme

21. The current programme should be designed to provide essential data at frequent intervals in order to measure trends and short-term changes in average earnings, hours actually worked, time rates of wages and normal hours of work.

22. In determining the scope and content of the current programme, the need for speed in the collection and in the processing of data at reasonable cost should be a major consideration.

23. Compilation of statistics of average earnings and hours actually worked should take precedence over statistics of time rates of wages and normal hours of work.

Statistics of Average Earnings and Hours Worked

24. The current programme of statistics of average earnings and hours worked should cover all important categories of wage earners and salaried employees in all major economic activities in the country.

25. Payroll data are the main, and by far the best, source for the compilation of statistics of average earnings and hours worked.

26. Statistical inquiries on earnings and hours worked may often be undertaken with advantage as part of a current survey of employment, earnings and, so far as possible, hours of work, using the whole of the sample of establishments or a subsample.
27. Collection of data on earnings and hours of work of individual employees, or of detailed data on the components of earnings, should not be attempted in the current statistics programme.

28. While compilation of statistics of average earnings and hours actually worked on a monthly basis is desirable, this imposes a heavy burden on establishments and on statistical offices. On the other hand, biannual or annual collection of data does not provide adequate indicators of short-term seasonal variations or trends. As a minimum, the current programme should envisage the compilation of quarterly statistics of average earnings and hours worked.

29. The time reference periods for data and the arrangements for collection of data should reflect the typical conditions of disbursement of earnings by establishments and the usual payroll periods used in the different industries covered by the inquiry.

30. In a quarterly survey, data could be collected for a typical payroll period in respect of only one month, or of each month, thus providing in the latter case a monthly series and permitting calculation of quarterly averages.

31. Monthly or quarterly statistics of average earnings should be published excluding irregular or infrequent payments such as year-end, half-yearly and similar bonuses in order that the short-term trend in regular earnings will be reflected.

32. If the national monthly or quarterly statistics of average earnings exclude certain important components, such as the annual or other infrequent payments mentioned above, the current programme of earnings statistics should include the compilation once a year, wherever possible, of statistics of average earnings including these particular components.

33. For issuing data in national publications, the time unit in which average earnings are expressed, e.g. hour, day, week or month, should depend mainly on how meaningful the figures would be in the country concerned and also on the feasibility of collection of the required data.

34. For purposes of international comparisons, it is desirable to present statistics of average earnings and hours of work on a per week basis. Data on earnings and hours for periods other than a week should be converted to a per week basis by applying the ratio between the number of working days in the period covered and the number in a normal week (including fractions of a day in each case).

35. For certain types of comparisons, statistics of average earnings per hour are preferable since hours of work per day, week, or month vary over time and between industries and regions and also from one country to another.

36. In countries which compile statistics of average earnings per hour paid for, information on hours actually worked not being available regularly, additional information should be collected, wherever possible, to determine the ratio between the number of hours actually worked and the number of hours paid for.

37. Statistics of average earnings and hours actually worked should be compiled and published for all employees and for wage earners and salaried employees separately, by industry, and, if possible, by region. Wherever the available data permit, the statistics should be compiled for males and for females.

Statistics of Time Rates of Wages and Normal Hours of Work

38. National current statistics programmes should make provision for the compilation of statistics of time rates of wages and normal hours of work of wage earners and of statistics of salaries and hours of salaried employees, for a representative selection of important industries. These statistics may take the form of time rates of wages and "normal" hours of work actually in force in representative establishments or, alternatively, of the rates and normal hours of work fixed by, or in pursuance of, laws or regulations,
collective agreements or arbitral awards. The statistics should be compiled in respect of adult males and adult females in important occupations or groups of closely related occupations.

39. Since time rates of wages fixed by, or in pursuance of, laws or regulations, collective agreements or arbitral awards, as a rule, are varied only infrequently, the interval between compilations of the corresponding statistics should normally be six months or one year.

40. For compilation of time rates of wages actually paid by establishments and the corresponding hours of work, sample surveys of establishments normally should be undertaken at yearly intervals in respect of important occupations in the principal industries in the country, wherever the facilities and resources available permit. It is possible to cover the same ground by undertaking an annual cycle of monthly surveys each covering a certain selection of occupational groups. The data thus obtained provide valuable up-to-date information to supplement the results of wage structure and distribution surveys undertaken at longer intervals.

41. Where the statistics of time rates of wages do not give the rates per hour but refer to a day, week or other customary period, the statistics of normal hours of work should relate to an identical period. However, if the data collected refer to days of work, in place of hours, information also should be obtained on the average duration of the working day, for purposes of calculating rates per hour.

Statistics of Wage Structure and Distribution

42. Wage structure and distribution surveys, including wage censuses, large-scale ad hoc occupational wage surveys and similar inquiries, provide comprehensive benchmark data for use in the compilation of current statistics of average earnings, hours actually worked, time rates of wages and normal hours of work and detailed data permitting the compilation of:

(a) statistics of wage rates, earnings and hours of work of wage earners and salaried employees to indicate wage differentials between branches of industry, geographic regions, occupations, males and females, establishments of different sizes and possibly also age groups, educational levels and types of vocational training or qualifications of employees;

(b) detailed data on the composition and components of earnings and wage rates;

(c) statistics showing the distribution of wage earners and salaried employees according to levels of wage rates, earnings and hours of work respectively, classified by various important characteristics of employees.

43. Sample surveys of establishments constitute the most suitable means for collection of data on wage structure and distribution. It is particularly important that the design and size of the sample of establishments be adequate and in particular that all sizes of establishments within the scope of the survey, all industries and regions should be correctly represented.

44. In principle, all categories of wage earners and salary earners, including full time and part time, permanent and temporary, should be covered in the survey. Information may be obtained in respect of all eligible employees in the selected establishments, or a representative sample of these employees. The information collected concerning each employee should include wage rate, earnings, hours of work, age, sex, occupation and, if possible, education, vocational training or qualifications, period of service and, where desired, other relevant particulars. Managerial staff remunerated predominantly by a share of profits should be excluded.

45. In view of the breadth and complexity, countries should normally aim to undertake wage structure and distribution surveys at three- to five-year intervals.
46. In such surveys, a time reference period of one year is ideal for collection of data on certain items, especially data relating to earnings.

47. Statistics showing composition of earnings and wage rates should be compiled according to the classification of components of earnings mentioned in paragraph 12. Details should be given on piece rates, overtime rates, premium rates for work on holidays, shift differences and other special payments.

48. Statistics of wage rates, earnings and hours of work by occupation should be compiled in as much detail as practical, wherever possible, according to the International Standard Classification of Occupations, or according to a classification convertible to it.

Agricultural Wages Statistics

49. The concepts and definitions given above would be generally applicable to the agricultural sector. Such adaptations as may be necessary in particular countries, to meet special conditions in agriculture, would normally not be of a fundamental character. Although the international definition of labour cost is also applicable to the whole agricultural sector, statistics of labour cost in the traditional subsector of agriculture would not be very meaningful since hired labour constitutes only a minor part of total labour input.

50. For purposes of wages statistics, the agricultural sector should comprise major groups 111 (Agricultural and Livestock Production) and 112 (Agricultural Services) of the International Standard Industrial Classification of All Economic Activities.

51. As the factors affecting wages, hours of work and other conditions of employment in hunting, trapping and game propagation (major group 113 of the ISIC), forestry and logging (division 12) and fishing (division 13) are generally different from those concerning agriculture, these activities should normally be excluded from the scope of agricultural wages statistics.

52. The definition of "agricultural work" established for the 1970 World Census of Agriculture should be adopted for the purposes of wages statistics, so far as possible. By agricultural work or agricultural activities is meant any farm work or planning necessary to the operation of the holding.

53. In developed countries and for the modern agricultural sector in developing countries, statistics of earnings based on payrolls and other records of employers should be collected, using the agricultural holding as the reporting unit, for permanent, temporary and casual employees respectively. However, agricultural employees, apart from permanent employees, are not necessarily attached to one particular agricultural holding. Notably in developing countries, more especially in the traditional sector of agriculture, prolonged continuous employment with the same employer is relatively rare and, in addition, some workers alternate between working for wages and self employment, or between agricultural and non-agricultural employment. In such situations, the agricultural holding is not the most suitable reporting unit for collection of certain types of data, especially for comprehensive statistics of average earnings during the year from agricultural employment and of statistics of the corresponding hours worked.

54. Statistics of agricultural wages in the traditional subsector should be obtained through household sample surveys. Where this method is used, the principal activity criterion should be used for defining agricultural employees. A person would thus be considered to be an agricultural employee if the principal source of the income accrued to him during a specified reference period were agricultural wages.

1 Food and Agriculture Organisation.
Programme of Agricultural Wages Statistics

55. National programmes of current and non-current agricultural wages statistics should be developed within the framework of an integrated system covering statistics of earnings, wage rates, hours of work and labour cost, so far as possible. Since the resources required for the production of agricultural wages statistics are substantial, particularly in developing countries, priorities should be carefully determined to ensure smooth and satisfactory progress of the national programme of wages statistics.

56. In developing countries and where appropriate in other countries, separate subprogrammes of wages statistics should be developed for traditional and organised agriculture since different methods and data collection techniques are needed. So far as possible, the data collected in the two subsectors should be suitable for combination to produce statistics for the agricultural sector as a whole.

57. Selected statistics should be compiled separately for agricultural employees who are paid wholly in cash, those paid wholly in kind and those paid partly in each medium. In addition, information should be given on the amounts for major components of payments in kind, such as food and housing, which are included in published statistics of average earnings of agricultural employees.

58. Wherever possible, data should be classified according to broad types of agricultural holdings (dairy, poultry, livestock, field crops, mixed farms, etc.).

Current Agricultural Wages Statistics

59. Monthly or quarterly surveys on earnings and hours or man-days of work in agriculture should aim to cover all categories of agricultural employees, including those paid wholly in kind. However, those employees whose remuneration is not paid regularly at daily, weekly or monthly intervals would have to be excluded from the current statistics of earnings.

60. Where a country has a continuing and frequent household sample survey for obtaining labour force data, additional information might be collected, at a reasonable cost, on earnings of agricultural employees and hours or man-days worked. However, attempts to obtain reliable data from this source, in respect of earnings in agriculture, might encounter sampling and other practical problems.

61. Each country which does not compile regularly current statistics of earnings and hours or man-days worked in agriculture should undertake quarterly surveys of time rates of wages actually paid and hours normally worked in agricultural establishments (holdings). The quarterly surveys should cover the principal occupations in agriculture.

62. Where labour contract rates quoted include both a wage rate and hire charges for the worker's own equipment, implements or working animals, adjustments should be made to exclude the hire charges.

Non-Current Agricultural Wages Statistics

63. Statistics of wage structure and distribution and of labour cost should be compiled for the organised subsector of agriculture at five-yearly intervals, based on results of surveys of agricultural holdings.

64. Since agricultural holdings commonly employ temporary and casual workers and the total earnings of these persons from agricultural work for the data reference period of a wage structure and distribution survey may not be fully reflected in the payroll records of the establishment, data could be collected from the employees currently working on the holding on any additional earnings they had received in respect of paid work on other agricultural holdings during the reference period.
65. Information on the structure and distribution of earnings and hours of work in the traditional sector of agriculture in developing countries, could be obtained through household surveys covering agricultural households, especially large-scale surveys of agricultural labour incomes where data are obtained on earnings throughout the year. It is desirable in large-scale sample surveys of agricultural households to design the sample in such a way as to permit monthly or quarterly estimates to be made of average earnings and hours or man-days worked.