INTERNATIONAL LABOUR ORGANIZATION

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Working Time Committee

Report of the 7th session, 2006 << Groupe de Paris >>

Extract on Working Time



<< Groupe de Paris>>

on Labour and Compensation

Report of the seventh session (Budapest, 15-17 May 2006)

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Foreword

The Paris Group on Labour and Compensation is a "city group" set up early in 1997 in response to an April 1996 recommendation by the UN Statistical Commission's working party on international statistical programs and coordination. The Commission approved the formation of the Paris Group at its 29th session in February 1997. Information about all city groups is available on a UN website at http://unstats.un.org/unsd/methods.htm#citygroup.

The Paris Group is an informal gathering of labour statisticians from national statistical institutes, other national statistical agencies and international organisations such as the OECD, Eurostat, and the ILO. The aim of the Paris Group is to examine, assess and reconcile sources of information used to measure the labour market, and to contribute to improving concepts and their implementation. Administration of the Group and organization of plenary meetings is currently undertaken by the Paris Group Bureau. Bureau members responsible for the organisation of the 2006 plenary meeting comprised:

Vivienne Avery **UK ONS** Antonio Baigorri Eurostat Denis Bresson INSEE Manuel Joao Duarte Portugal, Ministry of Labour and Security Omar Hardarson Eurostat Sophia Lawrence ILO Elizabeth Lindner **HCSO** Olivier Marchand INSEE Catherine Martin **OECD** Margaret Shaw **UK ONS** Anders Sundstrom Statistics Sweden Denis Ward OECD

Membership of the Bureau is open to representatives from national agencies and international organizations willing to participate in the organisation of plenary meetings of the Paris Group. Such participation may be through attending Bureau meetings and/or providing substantive comment on meeting discussion papers prepared by the Bureau Secretariat for comment. Secretariat work of the Bureau is currently shared by INSEE, ONS and OECD.

Since its creation, there have been seven plenary meetings of the Paris Group.

		Host and Location	Topics covered
27-28 Nov	ember 1997	INSEE, Paris	 Labour market dynamics Reconciliation of estimates Work duration Self employment Dimension of job quality
6-7 July 19	998	UK ONS, London	 Longitudinal data and comparisons over time Wages and labour cost statistics Labour market indicators Job search statistics
18-19 Nov	ember 1999	INSEE, Paris	Labour market dynamics Compensation
21-22	September	Statistics Sweden,	1. Labour market dynamics

2000	Orebro	2. Hours worked
4-5 September 2003	UK ONS, London	Working time measurement - 1. Working time arrangements 2. Measuring hours worked 3. Annual hours of work and other derived products
29 September – 1 October 2004	Portuguese Ministry of Labour and Security, Lisbon	Working time measurement – 1. Measuring hours actually worked 2. Definition of annual hours 3. Working time arrangements Preliminary discussion on labour market indicators of ageing labour force
15-17 May 2006	Hungarian Central Statistical Office, Budapest	 Working time measurement – input to revision of the 1962 ICLS Resolution on working time. Presentation of national perspectives on the ageing labour force, identification of future work on this topic

Further information on the Paris Group and reports from most of the above meetings are available on the INSEE website at

http://www.insee.fr/en/nom_def_met/colloques/citygroup/citygroup.htm

Participation at plenary meetings of the Paris Group is open to all national agencies and international organisations with an interest in the topic(s) covered by the agenda for that meeting. Active participation by all delegates to these meetings is encouraged. As with all city groups, the "ticket" for attendance is the <u>prior</u> preparation of a brief paper which generally outlines current national practice with respect to the topic(s), main development issues and views on future directions / development of international standards, etc.

Paris Group Secretariat September 2006

A. BACKGROUND TO THE 2006 MEETING

- 1. The 2006 plenary meeting of the Paris Group held in Budapest on 15-17 May 2006 was hosted by the Hungarian Central Statistical Office (HCSO). The meeting was attended by 41 delegates from 23 countries and three international organisations (refer list of participants in Appendix 1). The focus of the meeting was the finalization of Paris Group input to the revision of the 1962 International Conference of Labour Statistician (ICLS) Resolution on working time measurement. This work, on which direct Paris Group involvement is coming to an end, was also the focus of both the 2003 London and 2004 Lisbon plenary meetings.
- 2. The report from the 2003 plenary meeting summarising the discussions and recommendations of the Group for future work on the working time topic was submitted to the 17th International Conference of Labour Statisticians (ICLS) in November/December 2003. The ICLS itself further identified the need to revise the existing Resolution on working time measurement and requested the Paris Group undertake further work in this area as a prelude to a revision of the Resolution at the 18th ICLS, tentatively scheduled for 2008.
- 3. Meeting sessions on the working time topic in Budapest were structured along the lines of the current version of the revised Resolution on working time (refer meeting agenda in Appendix 2), namely:
- general objectives and uses of working time statistics;
- working time framework including main concepts and links to the (updated) System of National Accounts (SNA);
- working time arrangements;
- methods of data collection; and
- tabulation of data and international reporting.
- 4. An important element of Paris Group work on the revised Resolution is the provision of input to the current update of the 1993 SNA. The aim of such input is to ensure that the two international standards are appropriately aligned and that any existing grey areas in the SNA (in particular, in Chapter XVII) are clarified from a labour statistician perspective. This would also ensure that the recommendations in the revised Resolution would be appropriate in the context of labour input measures for the compilation of national accounts and labour productivity measures. Detailed comments were forwarded to the National Accounts Advisory Expert Group (AEG) in November 2005. The AEG response is provided below in Attachment 3 of this Report. Provision was also made in the agenda of the Budapest plenary meeting for further discussion on this and other national accounts related issues.
- 5. The last day of the Budapest meeting comprised a large number of presentations by national agencies, Eurostat and the OECD on a range of issues related to the ageing labour force, namely: workforce projections and labour force participation; older workers in the labour market; retirement and measurement issues; and key indicators on ageing. This topic received considerable support, both in national responses to invitation letters to the 2004 and 2006 Paris Group meetings and from the United Nations Statistical Commission (UNSC) meeting at the beginning of March 2004. Discussion during the last session of the three day meeting covered possible future Paris Group work on the ageing topic.
- 6. Finally, each participant at the 2006 plenary meeting was asked to prepare a six page summary paper outlining national comments / suggested text, etc., to a draft version of the revised Resolution forwarded to participants on 13 March 2006. A summary of national

comments / feedback provided is located on the Paris Group website referred to in the Foreword of this Report. In addition, a large number of national agencies responded to the Paris Group Bureau's invitation to prepare a further paper on the issues relating to the ageing labour force outlined above in paragraph 5.

7. All papers and presentations are available on the Paris Group website.

B. SUMMARY OF DISCUSSION

- 8. The primary output of current Paris Group work on working time measurement will be a draft revised Resolution that will be an input to International Labour Organisation (ILO) processes for the next ICLS. The next version of the draft Resolution concerning the measurement of working time will be prepared at the end of 2006 by the ILO, incorporating written input obtained prior to the Budapest meeting, discussions during the meeting and subsequent comments from the Paris Group.
- 9. This report therefore contains only a summary of the <u>main</u> issues discussed at the 2006 plenary meeting presented under the possible headings of the draft revised Resolution. More detailed information on some of the issues outlined below is available in a 90 page document summarising national comments received prior to the Budapest meeting. This is available on the Paris Group meeting website cited above.

1. Working time measurement

General comments

- 10. The main overall comments on the draft Resolution disseminated to Paris Group participants in early March 2006 were:
- Length At just over 20 pages in length it was generally felt that the current version of the Resolution was too long and needed to be shortened. Some of linkage text was considered inappropriate for a Resolution and could be eliminated altogether (e.g. paragraph 1), whilst other material (for example, some of the text on data collection) would be more suitable for further elaboration and inclusion in a supplementary manual outlining recommendations on questionnaire design, data collection and the confrontation of different sources of information.
- Section headings Whilst the major Resolution headings and structure for the revised Resolution outlined in paragraph 3 above were deemed appropriate, there was still considerable scope for relocation of some of the text in order to improve the flow, reduce some duplication and improve internal consistency. An example of where text could be relocated includes the working time arrangement (WTA) discussion in the working time framework (paragraphs 11-13) which could be moved to the Section on WTAs.
- Terminology One of the key areas of the revised Resolution are the definitions of key concepts and, the inclusion of new definitions for working practices and arrangements that have evolved since the formulation of the previous Resolution in 1962. The following consistent terminology was recommended for adaptation in the revised Resolution: "working time" is the generic term to refer to time and work issues, replacing the previously used "hours of work". Hours actually worked is the key concept for its measurement replacing the more general "hours worked". Due to the plethora of working time arrangements, their distinction should be based on key dimensions or characteristics, as proposed in the revised Resolution, rather than using formal titles of different arrangements.

 Inclusion of self-employed – Although the need for the inclusion of the self-employed is stressed in several places in the revised Resolution, there still remains some imbalance towards persons in paid employment and the difficulty to encompass the self-employed, in particular, regarding the definitions of absences, overtime, and the various working time arrangements, etc. Changes are still required regarding text and some of the recommendations in most Sections, to ensure their systematic consideration.

a. Preamble

- 11. The main comments with respect to the brief Preamble to the draft resolution were:
- The need to ensure that the revised Resolution be clearly linked to relevant, appropriate global international guidelines and recommendations, such as the updated SNA and other ICLS Resolutions. Obviously, the concepts and guidelines in the body of the revised Resolution should be consistent with and aligned to these and other relevant existing international standards, without, however, limiting the revised Resolution to the production boundary implicit in the October 1982 Resolution concerning economically active population, employment, unemployment and underemployment adopted by the 13th ICLS. One main problem here is that international standards themselves are out of date and may require revision.
- That it appears to restrict the working time concept (through use of terms such as "persons in employment" and the implicit link of the October 1982 Resolution) to activities that contribute to the production of goods and services within the narrower scope of the 1993 SNA production boundary rather than the broader general boundary. There were suggestions that the need for statistics for labour market analysis necessitates the scope of the working time concept to refer to the general boundary, and to the production boundary for labour input purposes.
- The requirement to further emphasize the need to extend the measurement of working time to persons in informal employment. Although a general reference for such a need may easily be accommodated in future versions of the revised Resolution (when the instruments referring to informal sector are updated), the absence of a global international standard on informal employment so far precludes reference to a specific ICLS Resolution in this area.

b. General objectives and uses of working time statistics

- 12. The aim of this Section is to emphasise the range of uses of working time statistics, i.e. for labour input and labour market analyses. Although the former were considered to be very important (for national account and labour productivity purposes) several delegates at the Budapest meeting reiterated that labour input was not the only use and that recommendations in a revised Resolution should also meet the needs for labour market analyses. In the main, the broad conceptual requirements of the two main uses of the statistics were not necessarily inconsistent with each other.
- 13. Comments from national agencies and Eurostat prior to the meeting and subsequent discussion in Budapest highlighted the need to streamline the scope and uses text provided in paragraph 3 of the revised Resolution and to make the distinction between the three broad uses clearer, i.e.:
- for the analysis and monitoring of the health, safety and conditions of work of all women and men in all types of formal and informal employment;
- to produce key indicators for economic analysis; and

- to design, implement and evaluate economic, labour market and social policies.
- 14. In order to further facilitate the comparability of statistics between countries, the need as currently drafted to emphasize the provision of metadata by countries outlining the differences between national concepts, definitions, etc., and the recommendations embodied in the revised Resolution was again stressed in discussion at Budapest.

c. Working time framework

- 15. The working time framework described near the beginning of the revised Resolution is perhaps the most important Section in the document and aims to establish the limits of working time through the provision of definitions of key concepts, clarify the relationship / links between those concepts and, provide a conceptual basis for decisions regarding the actual measurement of those concepts. The revised Resolution framework disseminated in early March 2006 outlined: the concept of working time arrangements; hours of work and related concepts (including the scope of hours of work in the context of the 1993 SNA); derived measures such as total hours and average annual hours; the various hours worked concepts (hours usually worked, hours paid for, normal hours of work, contractual hours, overtime and absences from work.
- 16. The main issues identified in written comments and in discussion in Budapest were:
- The need to tighten up terminology used throughout the Resolution, to use key terms consistently, and a rigorous application of the principle of introducing new (key) terms with their definition. The current revised Resolution should not use "hours worked" and "hours of work" as synonyms as mentioned in paragraph 10 above.
- Confusion over the reference in paragraph 7 to "a general framework of time use", the inference being that there is in fact such a general framework, which is not the case. Future versions of the revised Resolution would exclude mention of any time use framework and refer instead to the inclusion of all economic activities.
- The need to modify and improve the current text outlining the relationship between the "working time" concept and the general production boundary (1993 SNA paragraph 6.15) and production boundary (1993 SNA paragraph 6.17) of the current SNA. The working time framework should aim at the broadest SNA boundary which may include some economic activities not included in the production boundary. For national purposes and circumstances, countries may and do compile more detailed statistics because the measurement of hours worked is tied to employment in the Labour force framework. This framework is linked to the production boundary in the SNA (hours worked in all jobs). For the operationalisation of measurement, countries may decide which SNA boundary to apply but this does not affect the revised Resolution's concepts and definitions.

There is also a need to consult with the SNA update editor to identify proposed changes (if any) to the 1993 SNA on boundary issues. Related to this, is the need to avoid using terminology in the Resolution that might have other connotations in the SNA, the prime examples being "sector", "ancillary activities", etc. Changes to the current version of the revised Resolution could entail relocating some of the text in Annex 1 of the revised Resolution back into the Framework Section in the body of the Resolution.

 As at previous plenary meetings, there was again general acceptance of "hours actually worked" being the key measure which is used for the compilation of "total hours actually worked" (rather than merely "total hours worked"). The scope of the labour input measure should correspond as closely as possible with the measurement of output. However, the definition of the concept itself when applying the SNA general boundary will in theory include all productive market and non-market activities and non-market services. With regards to the precise scope (inclusions / exclusions) of hours actually worked, future revisions of the Resolution should incorporate the feedback on some of the grey areas in Chapter XVII of the 1993 SNA provided by the AEG (as outlined below in Attachment 3). Particular attention here would also need to be given to ensuring an appropriate balance between the self-employed and persons in paid employment (particularly with respect to absences, unpaid overtime or extra work, hours worked at home, passive hours, on-call hours, personnel training or education, non-commuting travel time to work).

The 1993 SNA focused on jobs because this concept corresponds to output by industry and resident units. However, in practice many countries use LFS employment data and the National Accounts Advisory Expert Group (AEG) proposes to include new text defining employment in the SNA update. For the scope of hours actually worked in the revised Resolution, the distinction between jobs and persons may only be a practical issue which may not require specific mention in the working time framework. The Resolution needs to encompass both but not preclude one or another and countries should not be pressured to choose.

- There was general acceptance of the need to modify the current order of presentation in future versions of the revised Resolution of the large number of key working time measures to one that was more logical and which avoided use of terms not previously defined / explained. Such a rearrangement might be:
 - Hours actually worked
 - Total hours actually worked
 - Average annual hours actually worked
 - o Hours paid for
 - o Normal hours
 - o Contractual hours
 - Overtime
 - Hours usually worked
 - Absence from work¹

Working time must clearly refer to both paid and self-employment and apply definitions for the above measures to both employees and the self-employed alike, except for concepts that relate only to paid employees. The treatment of compensation rest and, more generally, the various forms of flexibility in working time need to be consistent with the SNA. The different types of overtime (paid and unpaid) and a list of reasons for absence from work must be spelled out more clearly in the revised Resolution.

 As mentioned above, the framework text on working time arrangements should be consolidated with the Section on working time arrangements.

Regarding the difference between contractual hours and normal hours of work, the meeting agreed that it is useful to show that normal hours are representative of a collective measure such as defined by laws, etc., while contractual hours are a measure of individual hours of work.

17. In both written contributions received prior to the Budapest meeting and in discussion at the meeting there was mention of the symmetry between the concepts "overtime" and

¹ As mentioned below, there are still doubts as to whether there is symmetry or asymmetry between overtime and absences. If there is symmetry then absences could conceivably be better placed with contractual hours. If absences are included with usual hours then how absences are transformed into lost hours using usual hours rather than contractual hours would need to be outlined.

"absence from work". However, it was also mentioned that such symmetry is not so clear cut. For example, reference periods can differ and can be longer for absence from work than for overtime. Similarly, overtime applies a priori only to employees who hold explicit or implicit employment contracts stipulating the hours of work, whereas absences from work applies to broader categories of workers, hence, a less precise definition - "when persons in employment normally expect, or are expected, to be at work but are not".

Overtime

- 18. Four general remarks emerged from contributions received prior to the Paris Group meeting with respect to overtime:
- The concept of overtime is defined much more easily within a weekly framework and in situations of fixed working hours. As working time flexibility develops, it can be necessary to use a longer reference period, the month, even the year, and the concept changes meaning. For example, in the case of "modulation" in France a one week reference period should not be used, as overtime worked intensively in that week would be compensated for thereafter by reduced weeks according to a predetermined calendar. This also applies to the treatment of absence from work see below.
- It would be advisable to distinguish between paid overtime hours worked and unpaid overtime (refer paragraph 83 of the draft Resolution), whose sum represents overtime hours worked. The measurement of overtime "paid" in the form of leave, etc., must be reexamined especially if this leave is of longer duration than the hours carried out in addition to the contractual hours.
- It would be advisable to distinguish between overtime requested by the employer and overtime not requested by the employer, whose boundary with "not at work" is blurred (e.g. hours worked when at home).
- It would be advisable to distinguish overtime that occurs regularly (refer draft Resolution paragraph 32 relating to hours usually worked which also mentions "regular absence from work") and "extra overtime". It is possible to distinguish between collective overtime, derived from establishment based surveys, and individual overtime, from household surveys.
- 19. A number of specific changes to the section on overtime in the draft Resolution were also suggested, namely:
- paragraph 47 the current wording should be re-examined in order to correspond to a true definition: "overtime is defined as the difference between ...";
- paragraph 48 apart from the request for the inclusion of a more specific reference to international standards for the definition of paid employment, the question is posed as to whether or not the overtime concept should be extended to include self-employed persons. The problem is that having no contractual hours, the concept of "hours usually worked" is blurred. Such a change would necessitate reformulation of a number of other parts of the draft revised Resolution (e.g. paragraphs 20, 32, 47, 49, ...);
- paragraph 49 it was suggested to replace "normal working hours" by "contractual hours" in the wording of this paragraph. It was also suggested to specifically mention that unpaid overtime can be carried out elsewhere than at the workplace (in particular, at home).

Absence from work

- 20. A number of measurement difficulties related to the evolution of working time flexibility were pointed out with respect to the absence of work concept, particularly in the case of flexible hours with fixed periods and "mobile" periods. There was also mention of the need to rearrange the section in the draft Resolution covering absences from work (i.e. paragraphs 50-55)². Specific suggested changes to this section included:
- paragraph 50 as previously mentioned in the context of overtime, the wording of the definition of absence from work is not precise and not consistent with the concept of overtime. This paragraph could probably be merged with the following paragraph;
- paragraph 51 difficulties here arise from the attempt to have the same definition for paid employees (who hold explicit or implicit employment contracts stipulating the hours of work) and other workers, i.e. self-employed. A departure from the overtime concept is that absence from work refers to "hours usually worked" and not to "contractual hours". There are two possible options:
 - as for overtime, to apply the definition only to employees with specified work schedules:
 - to adopt two distinct definitions, the first (as proposed) for these employees, the second (to be formulated) for all other workers, using a concept similar to hours usually worked;
- paragraph 52 apart from the need to better link paragraphs 52 and 55, it was also believed there was a need to give further consideration to the issue of compensatory leave, in keeping with what was previously mentioned about overtime. For example, if hours worked extend beyond contractual hours which are compensated for later by leave, are not counted as overtime, then the compensatory leave should also not be regarded as reason for absence.
- paragraph 55 the list of absences from work provided needs to be consistent with the SNA and further clarification of the content and treatment of: "resting periods", "economic and technical absence" (including absence due to bad weather), and "involuntary" reasons for absences given if possible. It would be advisable to distinguish between reasons for absence related to training, which are directly related to the needs of the company and those which are not, that should not be included.

d. Working time arrangements

- 21. During the Budapest and previous two meetings of the Paris Group, working time arrangements (WTAs) were discussed both in the context of labour input and labour market analyses, the latter in relation to issues such as work-life balance, health and safety, etc. Because of the large number of such arrangements, the different names applied to them in different countries and the blurring of the boundaries (and overlap) between different arrangements, terminology is an issue in the setting of international standards in this area.
- 22. It was again agreed that a revised Resolution should only define a very small number of key working time arrangements and that the emphasis should not be on formal titles for the

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² Another, less important issue to consider is how to take account of legal days off not taken by the employee even if the phenomenon may be of little statistical importance and thus difficult to measure.

different arrangements but instead on their description on the basis of a minimum number of key characteristics (relevant to those in both paid employment and self-employment) which the Resolution would recommend the collection of data as core items. Information on these core characteristics would then form the basis of international comparisons of working time arrangements.

- 23. The measurable characteristics of WTAs would comprise the:
- length of working time (number of hours). This could entail the measurement of time spent on work activities on the basis of an appropriate measure(s), e.g. actual, normal, contractual or usual hours:
- variation of each work episode on daily, weekly, monthly, seasonal or annual time scales;
 and
- scheduling of time spent on work activities. Includes measures of the extent to which
 people work outside "standard" (i.e. regular hours, Monday to Friday, during daytime, core
 v. non-core time) arrangements and the ability to work extra hours in order to take time off.
- The location where the hours were worked (at home, etc) is not considered to be a key dimension for defining working time arrangements but is suggested in the revised Resolution for purposes of labour market analyses, and could be included in a supplementary list of variables (see below). However, discussion at Budapest pointed to the need to establish a clearer link between the measurable characteristics and the WTAs listed in Annex 2, with a suitable typology to be firmed up.
- 25. For more detailed labour market analyses the revised Resolution lists the following supplementary variables on working time arrangements that the Paris Group in previous years identified and which could be considered optionally:
- · duration of the arrangement;
- the contractual situation (i.e. whether or not spelt out explicitly in a formal working contract or is in the nature of an informal understanding);
- the control those in paid employment have over the setting of working time arrangements (i.e. the extent to which the arrangement is chosen or imposed);
- the predictability of the arrangement over the week, month, year (i.e. the advance notice given to workers);
- location of employment (i.e. at home, etc).
- 26. The Resolution would not recommend a specific cut-off between full and part-time work for paid employees, though given the importance attached to the part-time concept in the user community it is necessary for the Resolution to provide some guidance in this area. This could be restricted to recommending the compilation of statistics on total hours actually worked to include specific groups of paid employees (to be specified in the Resolution). The Resolution could recommend the presentation of statistics by countries using a full-time / part-time dichotomy accompanied by their national definition expressed in terms of a distribution of hours actually worked whereas for international comparisons hours actually worked would serve as the basis.

e. Methods of data collection

- 27. At the Budapest meeting several presentations were given by national agencies regarding recent work on data collection Chile, Denmark, Finland, Hong Kong China, and Spain.
- 28. The fact that the Resolution should avoid stating any clear preferences of one of the three main sources of data on working time (i.e. household based surveys (LFS and TUS); enterprise / establishment surveys; and administrative registers) was reconfirmed by the participants in Budapest. This Section of the Resolution should be even more balanced in assessing the strengths and weaknesses of each source for collecting data on the key measures. It's guidance on how to maximize the quality of data obtained from each source, and recommendations on the use of multiple sources to derive key working time statistics and output harmonization needs to be strengthened, and more references to continuous labour force surveys and mixed surveys (that are used by many developing countries) included.
- 29. In their written submissions prepared for the meeting, national agencies also provided very detailed comments on methods of data collection. However, given the restrictions on the length of the revised Resolution it was generally agreed that much of this material and recommendations on best practice would be more appropriately located in a separate compilation manual (such as often accompany ICLS Resolutions. Such a manual, which could be revised / updated more regularly, could contain:
- practices on the confrontation of data from different sources, e.g. infra-annual LFSs with time use surveys;
- national practices on the direct and indirect measurement of key concepts, the latter through adjustment of measures, or some components of some measures;
- examples of empirical studies to assess the quality of data of key components of working time (e.g. overtime hours and hours of absence) from either existing ongoing or ad hoc collections, or comparing different formulations of questions on working time.
- 30. Some of the relevant national papers presented at the 2003, 2004 and 2006 Paris Group meetings outlining recommended practice on data collection / data confrontation could also be cited in such a compilation manual.
- 31. For he compilation of WTA statistics, for some types of WTA analyses (duration, location, control, predictability, variability) the job may be the more appropriate analytical unit, whereas for others (work-life balance) it would be the person.

f. Tabulation of data and international reporting

32. As stated in the report from the 2004 Paris Group meeting (in paragraph14), tabulation and international reporting issues for working time statistics relate both to the types of adjustments made at the national level to data derived from one or more primary sources, and to how working time statistics are actually presented. There is a need for the next version of the revised Resolution to provide a clearer set of definitions of ratios, averages (especially as to whether the average refers to per employed person, per job, persons in population, etc) and levels for use at the international level for international comparisons to compensate for different country practices .e. weekly, monthly or annual averages. Different actual calculations result from the subsets of workers included, e.g. at work / not at work and methods for extrapolating data for a limited period during the year (e.g. month, week) to derive annual averages. The main issue regarding extrapolations are the type of corrections for annual leave, absences and hours deriving from working time arrangements that fall outside the collection reference period.

- 33. Therefore, as also stated in the 2004 meeting report, the Budapest meeting recommended that the revised Resolution provide guidance on standard presentations for both long (annual) and short (weekly) average reference periods with specific statements on inclusions and exclusions depending on the use of the measure. For example, for labour input purposes the aim is to ensure that the GDP numerator is consistent with the labour input measure used in the denominator, i.e. total annual hours actually worked. For the latter this implies consistency with respect to the coverage of the self-employed, measurement of informal employment and the use of the domestic concept of employment.
- 34. The availability of jobs v. persons data at the national level is largely a function of the main source of hours data available (i.e. LFS v. ES). The meeting considered that there is a need for the revised Resolution to state the need for data based on both concepts, recognising that one could be regarded as supplementary (e.g. jobs data being more suited to industry / sector analyses and persons data for incomes analyses).
- 35. This Section of the revised Resolution should flow from the previous dealing with Data collection and provide precise guidelines on the compilation of key derived measures such as: total annual hours actually worked, and average annual hours actually worked, in particular:
- the employment measure to be used in the denominator for the derivation of average annual hours actually worked. The 1962 Resolution, whilst recognizing the need for consistency between the denominator and the numerator, offers no guidance on which employment concept the denominator should be based;
- the types of disaggregations required, e.g. branch of economic activity, occupational group, informal/formal, urban / rural, institutional sector, status in employment (employee, self-employed, employer, own account, unpaid family worker) that are required. For labour market and gender analysis, disaggregations by sex, age group, presence of dependants, are also required.

[2. Ageing...]

C. OUTCOMES FROM MEETING AND FUTURE WORK OF THE PARIS GROUP

Working time measurement

- 39. As mentioned above in paragraph 8, the primary output from Paris Group work on working time measurement will be a draft revised Resolution concerning the measurement of working time that will be used as an input to ILO processes for the next ICLS, tentatively scheduled for 2008. The next step will be the preparation of a revised draft Resolution using input obtained before and at the Budapest meeting in May 2006. This draft will be circulated to Paris Group members for final comment / input in mid-October 2006, the aim being to finalise the Group's direct involvement on this aspect by the end of 2006.
- 40. Other work associated with the working time topic could entail:
- The provision of further comments, etc., associated with the SNA update. This could involve comment on a revised version of SNA Chapter XVII or on specific issues the AEG feel would benefit from labour statistician input;
- Identification of national priorities for the development of a compilation manual / website for the measurement of working time. As discussed in paragraph 28 above, such a manual would cover in more depth methods and best practice for data collection, adjustment and

transformation to arrive at the target measures specified in the revised Resolution. Such adjustments, etc., often involve the confrontation of data from different sources.

To this end, the Paris Group is invited to provide their views on the need for such a manual, the form it should take (paper publication, website (or a combination of the two), whether the Group should undertake this work, and the issues such a manual would encompass (i.e. in addition / instead of those outlined in paragraph 29). Individual countries who are interested in contributing to such a manual should make this known to the Paris Group Bureau.

If the Group deems that it should undertake this work then initial activities would entail the development of an outline, and identification of how the manual would be prepared, e.g. by a task force, country development of different parts of the manual, etc. Although the manual would obviously be discussed, it is envisaged that this work would <u>not</u> be the focus of future Paris Group meetings.

[Ageing of the labour force...]

45. Finally, as stated in the Forward to this Report, membership of the Bureau is open to representatives from any national agency or international organization willing to contribute to the organization of plenary meetings of the Paris Group. Organisations wishing to nominate themselves should contact any member of the Bureau's Secretariat listed at the conclusion of this Report.

11 September 2006

Appendix 1

PARIS GROUP MEETING, 15 – 17 MAY 2006, BUDAPEST LIST OF ATTENDEES

Country	Person	Organisation	Email address
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Appendix 2

MEETING OF THE PARIS GROUP ON LABOUR AND COMPENSATION BUDAPEST, 15 – 17 MAY 2006

Hungarian Central Statistical Office, II. Keleti Károly út 5-7. 1st floor, Room "Keleti Károly"

AGENDA

Monday, 15 May		
00.00 00.30	Designation of neutroinents	
09.00 - 09.30	Registration of participants	
09.30 – 10.00	Welcome	
	Eszter BAGÓ, Deputy President of Hungarian Central Statistical Office (HCSO)	
	Introductions, brief outline of meeting, administrative arrangements	
	(Elizabeth LINDNER, HCSO & Denis WARD, OECD)	
	, ,	
	Topic 1: Working time measurement	
10.00 – 10.20	Presentation on background to the Revision of the ICLS Resolution of working time, overview of session flow on this topic during current meeting + overview of work to be done following meeting and timelines (Sophia LAWRENCE, ILO & Denis WARD, OECD)	
10.20 – 10.30	Discussion and comment	
10.20 - 10.30	Discussion and comment	
	A. General objectives and uses of working time statistics	
10.30 – 10.40	Presentation summarising written comments received from Paris Group participants (10 minutes) (Elizabeth LINDNER, HCSO)	
10.40 – 11.00	Group discussion and agreement on rewording of the text in Resolution	
10.40 11.00	Croup discussion and agreement on rewording of the text in resolution	
11.00 – 11.20	Coffee	
11.20 – 12.30	B. Working time framework	
	Presentation outlining Working time framework and the draft resolution + summary of written comments received from Paris Group participants on definitions on Hours of work, Total hours worked, Average annual hours worked concepts (15 minutes) (Sophia LAWRENCE, ILO)	
	Presentation on link of these concepts to the System of National Accounts (SNA), National Accounts AEG responses to SNA Chapter XVII clarifications, changes proposed in the current SNA update (15 – 20 minutes) (Charles ASPDEN, OECD)	
11.50 – 12.30	Group discussion on SNA issues + wording of proposed text in Annex 1 of draft Resolution	

12.30 – 14.00	Lunch	
	D. Mayling time from a supply (5 and)	
	B. Working time framework (cont.)	
14.00 – 14.30	Group discussion on SNA issues (cont.)	
14.30 – 15.00	Group discussion and agreement on wording on definitions on Hours of work, Total hours worked, Average annual hours worked concepts	
15.00 – 15.10	Presentation summarising written comments received from Paris Group participants on definitions for hours worked concepts (<i>Hours actually worked, Hours usually worked, Hours paid for, Normal hours of work, contractual hours</i>) - (10 minutes) (Sophia LAWRENCE, ILO & Denis WARD, OECD)	
15.10 – 16.00	Group discussion and agreement on wording on definitions on Hours actually worked, Hours usually worked, Hours paid for, Normal hours of work, contractual hours	
16.00 – 16.20	Coffee	
	B. Working time framework (cont.)	
16.20 – 16.30	Presentation summarising written comments received from Paris Group participants on definitions for Overtime and Absence from work (10 minutes) (Olivier MARCHAND, INSEE)	
16.30 – 17.00	Group discussion and agreement on wording on definitions on Overtime and Absence from work	
	Tuesday, 16 May	
09.30 - 09.40	Welcome back + overview of today's discussion on Working time measurement	
	O Management (Management and Amagement and A	
	C. Measures of Working time arrangements	
09.40 - 09.50	Presentation on overview of characteristics of Working time arrangements (WTA) and proposed supplementary WTA statistics. Summary of written com <i>ments</i> received from Paris Group participants on WTAs (10 minutes) (Antonio BAIGORRI, Omar HARDARSON, Eurostat)	
09.50 – 10.50	Group discussion and agreement on wording of text on WTAs + approach/content of proposed Annex 2 on WTAs in draft Resolution	
10.50 – 11.10	Coffee	
	D. Methods of data collection	
11.10 – 11.20	Presentation on summary of written comments received from Paris Group participants on methods of data collection + content of possible supplementary Manual (10 minutes) (Anders SUNDSTROM, Statistics Sweden)	

11.20 – 11.40	Collecting hourly data in the Earnings Statistics in Denmark – Maria BOYE, Statistics Denmark	
11.40 – 12.10	Discussion and agreement of text on Establishment based surveys	
12.10 – 12.30	Effect of methodological changes in LFS 2005 on measurement of working time – Julio Nunez ALONSO, INE Spain	
12.30 – 14.00	Lunch	
	D. Methods of data collection (cont.)	
14.00 – 14.20	Methodological challenges in measuring hours worked – Paivi KEINANEN, Statistics Finland Statistics	
14.20 – 14.40	Working time statistics in Hong Kong - Mr Alvin W.K. LI, Census and Statistics Department of Hong Kong, China	
14.40 – 15.10	Discussion and agreement of text on Household based surveys	
15.10 – 15.40	Discussion and agreement of text on Administrative registers	
15.40 – 16.00	Discussion on General issues related to measurement of various hours worked concepts (including text in draft Resolution on adjustment of data)	
16.00 – 16.20	Coffee	
16.20 – 16.50	Discussion on possible preparation of supplementary Manual, etc on Methods / Recommended practice for data collection and adjustment	
	E. Tabulation of data and international reporting	
16.50 – 17.00	Presentation on summary of written com <i>ments</i> received from Paris Group participants on Tabulation and international reporting (10 minutes) (Manuel JOAO DUARTE, Portuguese Ministry of Labour and Security)	
17.00 -17.30	Discussions and agreement of text on Tabulation of data and international reporting	
17.30 – 1800	Wrap-up session Working time measurement topic + where to from here, responsibilities and timelines (Denis WARD, OECD & Sophia LAWRENCE, ILO)	
19.30	Conference dinner at restaurant (at participant expense)	
[Wednesday, 17 May Topic 2: Ageing labour force]		

Washington D.C., March 28, 2006

RESPONSE BY THE ADVISORY EXPERT GROUP ON NATIONAL ACCOUNTS TO THE PAPER SUBMITTED BY THE PARIS GROUP TO THE AEG MEETING HELD EARLY IN 2006

Both the Intersecretariat Working Group on National Accounts (ISWGNA) and the Advisory Expert Group on National Accounts (AEG) welcome the spirit of cooperation expressed in the Paris Group paper, and share the Paris Group's vision of maximum consistency between the revised International Conference of Labour Statisticians (ICLS) Resolution and the updated *System of National Accounts 1993*. This would seem to be attainable, given both groups are focusing on actual hours worked.

In recent years there has been an increase in interest in the measurement of labour productivity, both for measuring changes over time and for making spatial comparisons (intercountry, inter-industry, etc.). Productivity growth is measured as the rate of change of output (usually the national accounts definition of output or value added) *less* the weighted aggregate of the rate of change of inputs. It is therefore calculated as a residual and, as such, the importance of errors in its constituents may be magnified. Of the inputs, labour usually makes the greatest contribution, which makes it vitally important that the input from labour be measured accurately and consistently over time. This entails that changes in working arrangements or habits (such as more working at home) should not impinge on the measurement of hours worked.

For spatial comparisons of labour productivity, particularly among countries, the risk of inconsistency is much greater than for measuring productivity growth within a country. It is therefore critical to have well understood and robust standards.

At the January/February 2006 AEG meeting, agreement was reached on two short-term actions. The first was to respond to the Paris Group paper submitted to the AEG, and the second was to provide comments on the draft ICLS resolution to the Paris Group prior to its meeting in May 2006. The first action has been accomplished by annotating (text underlined) the list of issues in the Paris Group paper – see below.

The forthcoming draft ICLS Resolution, or any subsequent re-draft if available in time, will provide an important input into the drafting of Chapter XVII of the SNA update. Naturally, the ISWGNA would greatly appreciate comments from the Paris Group on the draft chapter. It is not intended to complete the draft chapter before the second half of 2006, which gives time for the editor to incorporate the implications of the May 2006 meeting of the ICLS. The Paris Group will be given as much forewarning as possible about exactly when the draft is expected to be available for comment and by when comments will be needed. (Because of the tight timetable for the SNA update, comments will be requested fairly promptly.) In the meantime, the ISWGNA would welcome comments from the Paris Group on the proposed inclusion of text on the concept of persons – clarification C11 - see attachment.

For the ISWGNA,

Cornelis Gorter Statistics Department International Monetary Fund

Areas in SNA 1993 Chapter XVII requiring clarification / revision for working hour measurement from LFS statistician perspective - Main issue(s)

[National Accounts AEG response in underlined text]

17.9 (a) To identify types of self-employed that could be classified into separate groups the SNA should take ICSE-93 as a reference. Clarification required for self-employed in unincorporated units of production. Add or explicitly mention (unpaid) contributing family workers at the outset in Chapter XVII.

This proposal would re-classify some employees to self-employed and would therefore result in a shift from compensation of employees to gross mixed income. This would be a substantive change, and the door has closed on consideration of new substantive issues.

17.10 Guidance is required in Chapter XVII on how to classify temporary employees recruited through an agency. Such consultants could be classified either to the industry where they work or to the industry of the enterprise that actually pays them (in some cases the agency). The difference between the two approaches can have a large impact on the number of persons employed in specific industries and hence on productivity measures.

The SNA discusses labour inputs in terms of jobs and the hours worked in jobs. A job is defined (17.8) as an explicit or implicit contract between a person and an institutional unit. Whether it is the workplace enterprise or the employment agency that is the employer is determined by which one pays the employee's wages and associated social contributions, etc. The Swedish proposal to allocate all the employees of employment agencies to the client enterprise would amount to a substantive change of the 1993 SNA. Furthermore, the AEG has agreed to the proposal to include text concerning persons and employment from ESA 95 (clarification 11) in the updated SNA. The last item in paragraph ESA 11.13 reads, "persons employed by temporary employment agencies, who are to be included in the industry of the agency which employs them, and not in the industry of the enterprise for which they actually they work."

Nevertheless, the alternative, of allocating the employees of employment agencies to the client enterprise, could be useful for certain analyses and could be shown in supplementary accounts, but certainly not in the core accounts.

17.11 Clear reference to the substantially revised ICLS Resolution on working time measurement needs to be retained – together with its revised list of inclusions and exclusions.

Agreed.

Need to clarify hours concepts as well as place of work at the outset of Chapter XVII which would then further minimize some of the problems of semantics and clarity in subsequent paragraphs. This could entail a rewrite of parts of Chapter XVII so as to remain consistent with the revised Resolution.

Agreed.

Need for stronger statement that target measures are estimates of total annual hours worked (for all persons employed) and average annual hours worked (per person employed)

Agreed.

Proposed additional inclusions

Hours worked at home - particularly important for the self-employed and for some occupations, e.g. teaching, e-work.

Agreed.

Unpaid hours – should be included when productive including overtime, extra work, etc?

Yes, but the hours worked must be connected with a job. They should not include volunteer work.

Boundaries and definition for training and education? Does it have to be job related and if so, to the current job or include some future job, e.g. to facilitate employment in an expanding industry? Does it have to be paid for by current employer?

The training has to be part of the job, i.e. either provided directly by the employer or indirectly via a third party, and the employee is paid while undertaking the training.

Inclusions

17.11 (a) Concepts of "normal" and "usual" working hours may be less relevant in today's work environment. Revised Resolution will present working time as a continuum of different working time arrangements defined on the basis of number of hours worked, scheduling of those hours, location(?), etc.

For labour input purposes, emphasis in the revised Resolution will be given to target measures (e.g. total annual hours worked, average annual hours worked) and the distinction with measurement concepts (normal, usual hours, etc) which are primarily (but not only) reference periods for the collection of data in LFS and enterprise surveys, etc

Agreed.

17.11 (b) Emphasis in current SNA wording is the inclusion only of paid overtime. Countries believe that non-paid overtime (if productive, although clarification is need to determine this) should also be included as their exclusion would result in an overstatement of productivity. Key emphasis is on contribution to production.

Agreed.

17.11 (c) "Place of work" needs either clarification, because in today's environment this is less the physical establishment, or one suggestion was to simply remove the term "place of work". Time spent on training could be added to the list of tasks considered as "work".

"Place of work" should be probably be deleted. We should be careful not to exclude time spent on the job outside the usual place of work, as productive activity can be undertaken almost anywhere.

The wording of paragraph17.11(c) mainly refers to jobs in manufacturing and could be modernized to include the service sector as well. The same point also applies to paragraph 7.11 (d). An example of the wording of the text could be along the lines of"the place where the worker normally carries out his or her activities or duties and which is determined in accordance with the terms or conditions laid down in the relationship or employment contract applicable to the worker."

The proposed text is too restrictive. It is common for employees, particularly more senior ones, to take work home with them. Such time spent on work at home should be included in their hours worked, even though it is unlikely to be mentioned in their contract.

17.11 (d) Notion of "place of work" reflects a less relevant manufacturing environment. Could it be removed? Suggest a statement that these are short-term interruptions within the work day which would help explain / provide a rationale as to why such unproductive time (examples modernized) is included but other longer periods (meal breaks, etc.) are excluded.

The sense of 17.11 (d) needs to be retained, but it should be broadened. The sense is that hours worked should include the time of workers who are inactive whilst performing their duties as required in their contract.

Inclusion or exclusion of on-call time and the distinction between active or inactive periods within the on-call time need to be clarified. Such time ranges from being on-call at the employer's establishment (e.g. hospital) or to time required to get back to duty, or to restrictions on employees' ability to do other non job-related things, thus a restriction on the ability to do other things and /or be at another place.

Agreed, the treatment of "on-call time" needs to be addressed. The Danish proposal seems reasonable.

<u>Included if paid by the employer, and hourly wage rate > (50%) of a (national?)</u> threshold of normal wage rate.

Problems:

- 1) On-call work arrangements where sleep/other private activities especially if physically placed at home only receive small percentage of normal wage until called and becomes actively productive.
- 2) Delimitation based on "at home/at workplace" becomes complicated for selfemployed where home= workplace, in many circumstances. Possible solutions:
- 1) The wage rate signal is a practical way to rule out most unproductive, on-call work, where workers are seldom called.
- 2) Self-employed with no explicit wage rate (need to consider a specific formulation thoroughly). If wage rate cannot be calculated, evaluate passive activities as more or less than ½ the value of active working time: "If you instead had employed other persons to do your work, would you accept that these passive activities were part of the time you would be willing to pay for or not?".
- 17.11 (e) Countries agreed in principle with current wording. Could also include short breaks and stand by time, though again the wording could be modernized and examples of short breaks included. One country suggested merging with 17.11(d).

Exclusions

17.11 (a) Expand list to incorporate some additional exclusions, such as other types of leave that are now more common among workers, such as leave for family reasons, or paid leave to attend training not directly related to current employment. The list should be kept short, with a few examples representing newer forms of leave.

All forms of paid leave should be excluded. However, any time spent by an employee undertaking work related to the job during paid leave should be included. Paid time to attend training should be included. The willingness of the employer to pay for an employee to attend training is an indication that the employer regards the training as a benefit for the enterprise.

Needs to be a link to on-call hours, for example, inactive part of on-call time should be excluded.

See comments above on on-call time.

17.11 (c) Further clarification is required with regard to work related travel. Generally, no problem with excluding "usual" commuting time (even if fares / transport paid by employer) but there are some grey areas:

What if work is performed during travel – paid or unpaid?

The time actually spent working should be included, irrespective of the environment. One may want to formulate some general principles/guidelines that are more easy to apply in practice, e.g. to exclude "usual" commuting between home and the (fixed) working place, but to include travel time during business trips (especially when considered as working time and paid for by the employer). Of course, unpaid overtime undertaken while, say, commuting by train should be included in labour input.

What if place of work is not fixed or clear?

As noted earlier, work can be undertaken almost anywhere.

Possible additional exclusions (mixed views on these)

Treatment of conscript armed forces – excluded in most LFS statistics but included in national accounts. Needs clarification (or exclusion?). Countries have asked why an hour of productive work by a conscript should be excluded.

Hours worked by armed forces should be included.

Residents working for non-resident producer units – included in LFS statistics but excluded from national accounts.

Yes.

17.12 First time inclusion of self-employment jobs is mentioned. Treatment of self-employed needs to be given more emphasis at beginning of Chapter XVII. Needs further exploration as to how hours for self-employed are to be treated.

A proposal to include concepts of persons and employment, including self-employment, has already been agreed to by the AEG.

Need to expand text to also clarify treatment of (unpaid) contributing family workers.

Agreed.

17.13 This paragraph is rather a comment and is the only attempt to address measurement issues, albeit only for establishment surveys. Could be expanded to provide more guidance covering different modes of collection such as household surveys, time use surveys and administrative data. Could become a footnote or even be dropped.

It is agreed that the text on measurement requires expansion to recognize the different sources of data. But details of how different source data can be adjusted or adapted to obtain the desired measures should be left to a work manual.

17.15 Touches on issue that definitive definitions of full-time / part-time are not agreed on internationally. If the focus is on total hours worked, for what purposes are FTEs required? Need to move away from the part-time / full-time dichotomy, avoid use of these terms in Chapter XVII and refer to hour thresholds (as for age groups). The revised Resolution will also refer to hour thresholds.

Consideration could be given to deleting para, as full-time estimates can be computed if good annual hours data are available.

With the much greater diversity in the hours people work, full-time equivalence has become an outmoded concept. It is therefore proposed that this be deleted from the SNA.

<u>Nevertheless</u>, it is recognized that other measures of employment are relevant for analysis outside the national accounts. To give an example: in an ageing society, the potential employment can be very important; for this purpose data on the number of persons employed, including data on part-time/full-time employment, can be highly relevant for labour participation ratios and for the analysis of "employment reserves" or potential employment.

17.16 Revised Resolution will give emphasis to the provision of data on hours worked for different hours thresholds / groups. In this context serious consideration could be given to deleting paragraphs 17.14 - 17.18.

Agreed.

17.17 What if annual hours worked, etc., cannot be compiled by a country? Should something else be suggested? Obviously, the first choice should always be annual hours and if such data are available the concepts of part time / full time and FTEs are not needed in the text.

Countries should be strongly encouraged to compile hours worked estimates. If they cannot, they should simply compile estimates of the number of persons employed.

17.18 See above.