COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.10.1996
COM(96) 475 final

Proposal for a

COUNCIL REGULATION (EC)

on statistics on the level and structure of labour costs

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. In order to carry out its tasks in the field of economic and social affairs, particularly with regard to employment and working conditions, the Commission needs to have at its disposal data on labour costs and employees' earnings in the Community providing a valid basis for comparison between countries. For this reason, a series of specific Community surveys on labour costs in industry[1], commerce, banking and insurance[2] has been carried out since 1960 in pursuance of Council Regulations. These surveys were conducted by the Commission of the European Communities in cooperation with the National Statistical Services in the Member States.

2. In line with the decisions taken at the Essen summit, the Member States have taken measures to put in place various action programmes concerning in particular labour market flexibility, job-creation and fighting unemployment. In order to set out more clearly the context in which these policies are implemented and to provide the means for a follow-up to the national employment programmes, the Commission departments will in the coming years have the need to have statistical information available on the various aspects of earnings and labour costs.

3. The development of the European Community and the operation of the single market increase the need for comparable data on the level, trend and structure of employers' labour costs and employees' earnings, particularly as a means of analysing growth, competitiveness, employment, the progress of economic and social cohesion and for establishing reliable comparisons between the Member States and the regions of the European Community. The planned statistics will therefore provide detailed data on employers' expenditure on wages, salaries and related contributions, as well as on hours worked and the total staff employed.

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1 Regulation No. 10 (OJ No. 56, 31.8.1960 p.1199/60)
Regulation No. 14 (OJ No. 55,16.8.1961 p.154/61)
Regulation No. 28 (OJ No. 41, 28.5.1962 p.1277/62)
Regulation No. 151 (OJ No. 133, 13.12.1962 p.2841/62)
Regulation No. 101/66/EEC (OJ No. 134, 22.7.1966, p.2540/66)
Regulation (EEC) No. 1899/68 (OJ No. L 289, 29.11.1968, p.4)
Regulation (EEC) No. 2259/71 (OJ No. L 238, 23.10.1971, p.1)
Regulation (EEC) No. 328/75 (OJ No. L 37, 12.2.1975, p.1)
Regulation (EEC) No. 494/78 (OJ No. L 68, 10.3.1978, p.1)
Regulation (EEC) No. 1596/81 (OJ No. L 159, 17.6.1981, p.1)
Regulation (EEC) No. 3149/83 (OJ No. L 309, 10.11.1983, p.2)
Regulation (EEC) No. 1612/88 (OJ No. L 145, 11.6.1988, p.1)
Regulation (EEC) No. 3949/92 (OJ No. L 404, 31.12.1992, p.7)

2 Regulation (EEC) No. 2053/69 (OJ No. L 263, 21.10.1969, p.8)
Regulation (EEC) No. 3192/73 (OJ No. L 326, 27.11.1973, p.1)
Regulation (EEC) No. 494/78 (OJ No. L 68, 10.3.1978, p.1)
Regulation (EEC) No. 1596/81 (OJ No. L 159, 17.6.1981, p.1)
Regulation (EEC) No. 3149/83 (OJ No. L 309, 10.11.1983, p.2)
Regulation (EEC) No. 1612/88 (OJ No. L 145, 11.6.1988, p.1)
Regulation (EEC) No. 3949/92 (OJ No. L 404, 31.12.1992, p.7)

4. The comparative analysis of the level and composition of labour costs in the Member States requires that data be obtained on the basis of common definitions and harmonised statistical methods. These conditions are met by Community statistics on labour costs, which to date constitute the sole European source of statistics on wages and salaries providing a valid basis for comparison. This is why the results published by Eurostat are valued highly by the Commission departments, economic and social decision makers and researchers. In the drafting of the Regulation it was taken into account that the European System of National and Regional Accounts in the European Community (ESA-95)[3] is the term of reference for standards, definitions and accounting practices in the Member States in order to meet the Community needs.

5. The Commission's activities in various domains require up-to-date figures on wage and salary costs. Eurostat, in cooperation with the competent authorities in the Member States, has worked out methods of updating the main results of the statistics on labour costs. However, since enterprises' expenditure on wages, salaries and related employers' contributions is subject to substantial change, such updating can only furnish valid results in the years directly following the production of the statistics; thereafter, new Community statistics need to be produced in order to bring up to date the results of the 1992 survey.

6. In the course of the Council discussion on the Regulation relating to the 1984 survey, it was decided to set the interval between surveys at four years, so that the subsequent statistics were produced with reference to 1988 and 1992. It is necessary to maintain this periodicity and to produce the next statistics with reference to 1996.

7. In keeping with the principle of subsidiarity, responsibility for the overall planning of the statistics on labour costs at EU level is shared between the Commission and the Member States, in order to achieve harmonisation of concepts and classifications in the data collected, and to identify the information required by the principal users, i.e. Community institutions, national governments, regional and local authorities, international organisations, employers' associations, trade unions and research bodies. The actual collection of data and the implementation of methods used to do this are the responsibility of the Member States.

8. The statistics shall cover all economic activities defined in sections C (Mining and quarrying), D (Manufacturing), E (Electricity, gas and water supply), F (Construction), G (Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods), H (Hotels and restaurants), group 63.3 (Activities of travel agencies and tour operators; tourist assistance activities not elsewhere covered) of section I (Transport, storage and communications), divisions 65 (Financial intermediation, except insurance and pension funding) and 66 (Insurance and pension funding, except compulsory social security) of section J (Financial intermediation) and section K (Real estate, renting and business activities) of the Classification of Economic Activities in the European Community (NACE Rev.1) established by Regulation (EEC) No 3037/90 [4], subject to the special provisions mentioned in the Annex to the Regulation.

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[3] Regulation No xxxx/96/EEC OJ No Lxxx, xx.xx.1996, p. x

[4] OJ No L293, 24.10.1990, p. 1. Regulation as amended by Regulation (EEC) No 761/93 of 24 March 1993, OJ No L83, 03.04.1993, p. 1.

9. It is not intended that all businesses be covered as part of an exhaustive survey, but rather that a representative sample be taken. Accordingly, in countries with sufficient sources of statistical data, especially data gathered by public authorities, it will be acceptable for such data to be used (or possibly set out in a simplified form on questionnaires), provided that this approach is compatible with the definitions and methodology being used and meets all requirements concerning variables. On the same condition, Member States are allowed to estimate necessary data using statistical inference methods where some or all of the characteristics have not been observed for all the units for which the statistics are to be compiled.

10. The specific situation of small and medium sized firms is taken into account in the Regulation. The burden on enterprises, particularly on small and medium sized entrprises, and representativeness requirements shall be taken into account by the Member States in their choice and combination of the sources and the use of estimations.

11. The group of experts on Earnings and Labour Costs Statistics has emphasised the need to establish a legal instrument for these statistics as soon as possible, so that the competent authorities in the Member States, as well as the businesses to be included in the sample, can take the appropriate measures to organise and carry out successfully the exercise.

12. To this end, the Commission submits the attached draft Regulation for the approval of the Council.

PROPOSAL FOR A COUNCIL REGULATION (EC)

on statistics on the level and structure of labour costs

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 213 thereof,

Having regard to the proposal submitted by the Commission,

Whereas, in order to carry out the tasks assigned to it, the European Union must be kept informed of the level, trend and structure of employers' labour costs and employees' earnings in the Member States;

Whereas the development of the European Community and the operation of the single market increase the need for comparable data on the level, trend and structure of employers' labour costs and employees' earnings, particularly as a means of analysing growth, competitiveness, employment, the progress of economic and social cohesion and for establishing reliable comparisons between the Member States and the regions of the European Community;

Whereas the best method of assessing the situation as regards the level, trend and structure of employers' labour costs and employees' earnings is to produce specific statistics on labour costs, as was most recently done in 1993 pursuant to Regulation No 3949/92/EEC[1] referring to accounting data of 1992;

Whereas, because of the variations in the position and composition of expenditure by enterprises on wages and related employers' contributions, new community statistics need to be produced based on accounting data for 1996 in order to bring up to date the results of the previous survey;

Whereas, pursuant to Regulation No xxxx/96/EC[2] the European System of National and Regional Accounts in the European Community (ESA-95) is the term of reference for standards, definitions and accounting practices in the Member States in order to meet the Community needs; whereas this necessitates the establishment of complete, reliable and comparable statistical sources at national and regional level;

Whereas the statistical information available in each Member State does not provide a valid basis for comparisons, in particular because of the differences between laws, regulations and administrative practices of the Member States, and whereas Community statistics must therefore be produced and the results processed on the basis of common definitions and harmonised methodologies;

Whereas, in accordance with the principle of subsidiarity, the creation of common statistical standards enabling harmonised information to be produced is action which can only be effectively undertaken at Community level; whereas these standards will be implemented in

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[1] OJ No L404, 31.12.1992, p. 1
[2] OJ No Lxxx, xx.xx.1996, p. x

each Member State on the authority of the agencies and institutions appointed to compile official statistics;

Whereas, pursuant to Decision No 93/464/EEC([3]), the production of Community statistics on labour costs is one of the priority actions of the Statistical Programme 1993 to 1997;

Whereas it may be acceptable for the countries which have administrative sources or other appropriate statistical sources to use these or perhaps link them up with a simplified questionnaire if this method is compatible with the definitions and methods approved and corresponds to the whole set of variables required;

Whereas it is necessary to simplify the administrative procedures for enterprises, particularly smaller enterprises, including the promotion of new technologies for data collection and compilation; Whereas it may still be necessary to collect directly from businesses the data necessary to compile labour cost statistics, using methods that are exhaustive, reliable and up to date, without giving rise for the parties concerned, in particular for small and medium-sized businesses, to a burden out of proportion to the results which the users of the said statistics can reasonably expect;

Whereas it seems appropriate to make provisions for exceptions for certain Member States, in order to take account of particular technical difficulties encountered by such States on the collection of certain types of information, provided that the quality of the statistical information is not affected;

Whereas the Statistical Programme Committee established by Council Decision 89/382/EEC, Euratom([4]), consulted by the Commission in accordance with article 3 of the aforesaid Decision, has declared itself in favour of the present proposal,

HAS ADOPTED THIS REGULATION:

([3]) OJ No L 219, 28.08.1993, p. 1
([4]) OJ NoL181, 28.06.1989, p. 47

Article 1

General provisions

The Member States and the Commission, within their respective fields of competencies, shall produce Community statistics on the level and structure of employers' labour costs in the area of economic activities defined in Article 3.

Article 2

Reference period

The statistics shall be produced on the basis of statistical information for the financial year of 1996, subject to the special provisions mentioned in the Annex to this Regulation.

Article 3

Scope

The statistics shall cover all economic activities defined in sections C (Mining and quarrying), D (Manufacturing), E (Electricity, gas and water supply), F (Construction), G (Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods), H (Hotels and restaurants), group 63.3 (Activities of travel agencies and tour operators; tourist assistance activities not elsewhere covered) of section I (Transport, storage and communications), divisions 65 (Financial intermediation, except insurance and pension funding) and 66 (Insurance and pension funding, except compulsory social security) of section J (Financial intermediation) and section K (Real estate, renting and business activities) of the Classification of Economic Activities in the European Community, hereinafter referred to as "NACE Rev.1" established by Regulation (EEC) No 3037/90 ([5]), subject to the special provisions mentioned in the Annex to this Regulation.

Article 4

Information requirements

The compilation of statistics on labour costs shall be based on any of the statistical units defined in the Regulation (EEC) No 696/93 ([6]) and shall provide information referring to local units classified by their own principal activity, by region at least at level 1 of the Nomenclature of Territorial Units for Statistics (NUTS 1), established by the Commission (Eurostat), and by

([5]) OJ No L293, 24.10.1990, p. 1. Regulation as amended by Regulation (EEC) No 761/93 of 24 March 1993. OJ No L83, 03.04.1993, p. 1.
([6]) OJ No L76, 30.03.1993, p. 1

size class in terms of employment of the enterprise on which the local units are dependent. Information is required only for enterprises with at least 10 persons occupied.

Article 5

Characteristics of the required information

Data shall be collected on:

1. total labour costs, including: direct remuneration; bonuses and allowances; payments for days not worked; severance pay; benefits in kind; all incidental expenditure, including employers' statutory and customary contributions to social security and direct social benefits; vocational training costs; other expenditure and any taxes and subsidies directly related to labour costs;

2. the total staff employed and

3. working time,

subject to the special provisions mentioned in the Annex to this Regulation.

Article 6

Data collection

1. A survey shall be carried out through the appropriate statistical services of the Member States which shall draw up the appropriate methods for collecting the information.

2. Employers and other persons required to supply information shall reply to the questions truthfully, completely and within the time limits set. The Member States shall take appropriate measures to avoid any infringement of the obligation to supply the information referred to in Article 5.

3. The survey need not be carried out if the Member States have information from other appropriate sources or Member States are able to produce estimates of necessary data using statistical inference methods where some or all of the characteristics have not been observed for all the units for which the statistics are to be compiled. The information from other appropriate sources or the estimates of necessary data can only be used if they are at least equivalent to survey requirements as regards accuracy, quality and timeliness.

4. The burden on enterprises, particularly on small and medium-sized enterprises, and representativeness requirements according to Article 7 shall be taken into account by the Member States in their choice and combination of the sources and the use of estimations mentioned in paragraph 3.

5. The Member States shall transmit to the Commission (Eurostat) at its request all information, particularly concerning methodologies, needed for the application of this Regulation.

Article 7

Representativeness

The reliability and comparability on a high quality level shall be attained by the use of sample sizes allowing that the relative standard error for the variable "hourly labour costs" by division of NACE Rev.1 does not exceed 3 %.

Article 8

Processing of results

The statistical services of the Member States shall process the replies to the questions referred to in Article 6(2) or the information from other sources, as referred to in Article 6(3), so as to obtain comparable results.

Article 9

Transmission of results

The results shall be transmitted within a period of 18 months from the end of the calendar year corresponding to the reference period, including data declared confidential by the Member States pursuant to domestic legislation or practice concerning statistical confidentiality, in accordance with the provisions of Regulation (Euratom, EEC) No 1588/90 ([7]) on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities.

Article 10

Arrangements for implementation

The arrangements for implementing the present regulation, in particular:

- definitions to be used,
- the levels of breakdown to be applied to the variables,
- guidelines on accuracy and the aspects of quality,
- the appropriate forms of the transmitted variables and
- the results to be transmitted

shall be laid down in accordance with the procedure set out in Article 11.

([7]) OJ No L151, 15.06.1990, p. 1

Article 11

Procedure

The Commission shall be assisted by the Statistical Programme Committee set up by Council Decision No 89/382/EEC, Euratom ([8]), hereinafter referred to as "the Committee".

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event, the Commission shall defer application of the measures which it has decided for a period of three months from the date of communication.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous paragraph.

Article 12

Entry in force

This Regulation shall enter into force on the twentieth day after its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

([8]) OJ No L181, 28.06.1989, p. 47

ANNEX

SPECIAL PROVISIONS

I. Exceptions to the reference period (Article 2)

For Sweden: the financial year 1997 on the condition of providing estimates for the reference year 1996.

II. Exceptions to the scope of the survey (Article 3)

1. For all the Member States: class 65.11.
2. For Germany: section K, group 63.3 of section I.
3. For Greece: section K.
4. For France: division 73 of section K.
5. For Ireland: section H.
6. For Austria: sections F, G, H, class 63.3 of section I.
7. For Portugal: section K.

III. More detailed information (Article 5)

Member States may provide for the supply of more detailed information, notably by making a distinction between manual and non-manual workers or by covering units with fewer than 10 employees.

In order to take account of the particular circumstances regarding the aggregation of the results at national level, provided that the quality of the statistical information is not affected, Germany may compile distinct statistics for the Federal Republic of Germany, including West Berlin, as constituted prior to 3 October 1990, and for the new Länder, including East Berlin. The provisions of Article 7 on representativeness shall be applied separately on each aggregate.

FINANCIAL STATEMENT NO 1

1. TITLE OF THE ACTION

Draft Council Regulation on statistics on the level and structure of labour costs

2. BUDGET LINES INVOLVED

Line B5-6000

3. LEGAL BASIS

Article 213 of the Treaty

4. DESCRIPTION OF THE ACTION

4.1 General purpose of the action

The purpose of the present Council Regulation is to make Community statistics on the level and structure of labour costs in the European Union available to all users. These data are essential for defining, monitoring and assessing economic, social and labour market policies at the regional, national and Community levels. A series of specific Community surveys on labour costs in industry, commerce, banking and insurance has been carried out since 1959 in pursuance of Council Regulations.

Conducting this survey at European Union level is one of the priority projects of the 1993-1997 framework statistical programme of the Community (OJ L 219, 28.8.1993).

4.2 Period covered by the action and procedures for renewing or extending it

Once only action in accordance with the draft Council Regulation (Euratom, EEC) on statistics concerning the level and structure of labour costs (collection and processing of data and forwarding of the results to Eurostat) covering the period 1997-1999.

5. CLASSIFICATION OF EXPENDITURE/INCOME

5.1. Non-compulsory expenditure

5.2. Differentiated appropriations

5.3. Type of income envisaged

Sales of statistical products (database data and publications) cover some of the production costs.

6. TYPE OF EXPENDITURE/INCOME

The Commission's contribution to Member States' expenditure represents only part of the real cost of collecting data - of the order of 26% - since the Commission's statistical work is devolved to a large extent, the operating and administrative costs being borne almost exclusively by the national governments. Nevertheless, the expenditure envisaged is essential to promote standardization of the data collected, and for these data to be processed and sent to Eurostat.

Cofinancing by the public sector (out of the budgets of the national statistical offices) and the private sector (income from sales of statistical products).

7. FINANCIAL EFFECT ON INTERVENTION APPROPRIATIONS (PART B OF THE BUDGET)

7.1 Method of calculating the total cost of the action (definition of unit costs)

The amount to be taken from the Community budget for the project to extend the existing systems for collecting data or setting up new surveys on labour costs is calculated as follows:

26% of the operating costs for the two/three years of the project: conducting the survey (1997) and sending the data to Eurostat (1998/1999).

Type of expenditure to be borne by the Member States: production of questionnaires, contribution to the costs of collecting, processing, and disseminating the data and other operating costs.

The total action represents an average expenditure of approximately ECU 7,2 million for all the Member States.

Total contribution to the Member States (26% of total) (ECU 1,872 million)

7.2. *Breakdown of cost of action (MIO ECUs)*

	1997	1998	1999	Total
Member State	1.872			1.872
Total	1.872			1.872

7.3. *Operational costs of studies, experts, etc. included in part B of the budget (MIO ECUs)*

	1997	1998	1999	Total
Meetings of experts	.05	.05	.05	.15
Information and publication		.05	.05	.1
Total	.05	.1	.1	.25

7.4. *Indicative timetable for commitment and payment appropriations*

The survey will be conducted in 1997 and the results sent to Eurostat in 1998/1999. It is proposed that payment be made in three phases: the first two tranches as a contribution to the cost of collecting and processing the data (1997) and a third tranche once the results have been received. The last tranche will be payable in either 1998 or 1999 depending on whether the data are sent to Eurostat in 1998 or 1999.

	1997	1998	1999	Total
C.A.	ECU 1,872 million			ECU 1,872 million
P.A	ECU 0,561 million 30 %	ECU 0,750 million 40 %	ECU 0,561 million 30 %	ECU 1,872 million

8. ANTI-FRAUD PROVISIONS (AND RESULTS OF IMPLEMENTING THEM)

Payment for the contracts and agreements concluded by the Commission is made only on the basis of detailed reports on the completion of the operations concerned or the results obtained.

9. COST/EFFICIENCY ANALYSIS ITEMS

9.1. Specific and quantifiable objectives, target population

The purpose of this Council Regulation is to establish comparable statistics on the level and structure of employers' labour costs in the European Union. Following the guidelines in the White Paper on Growth, Competitiveness and Employment, and the conclusions of the Essen Summit, these statistics are indispensable for establishing, monitoring and assessing regional, national and Community policies, particularly as a means of analysing growth, competitiveness, employment, the progress of economic and social cohesion and for establishing reliable comparisons between the Member States and the regions of the European Community.

9.2. Grounds for the action

The responsibility for financing this action rests mainly on the Member States (cf. 6 above), which have a well-established structure for collecting and processing data. Nevertheless, funds from the Community budget appear to be necessary, both for countries which are going to carry out this type of survey for the first time, and for those which must adjust existing surveys to Community needs. The purpose of this financial contribution is to co-finance part of the costs of collecting and processing data.

The purpose of this action is to achieve four results, viz.:

- to provide the Community Institutions with the quantitative data for drawing up, monitoring and evaluating any programme of action pursuant to Article 3 (2) of the Financial Regulation: "it therefore contributes to more effective and relevant use of the Community budget";

- to provide the national governments with comparable statistics on all the Member States for evaluating and monitoring the progress of Community policies;

- to provide political, economic and social decision-makers in the Community with the data necessary to take and assess decisions in their respective fields of action: it is therefore a key component of the European information market;

- to provide the scientific community with the information necessary to further study and obtain more information on economic and social life in the Community.

The results of the action will contribute to improving the statistical information used in the work linked to social policy, economic cohesion and convergence in the internal market.

Statistical information is collected using a system largely based on the principle of subsidiarity, in which the national systems have a responsibility as regards each Member State. The Community Statistical Programme will become an integral part of the national statistical programmes, thus contributing to creating a European statistical area.

The potential of multiplier effects is fairly small. Nevertheless, the data concerned by the draft regulation will be of increased interest in that users will have access to a set of data which will enable them to make international comparisons of labour costs.

The specific results of the action could be affected if some of the Member States - or the Commission - did not succeed in releasing the resources needed for the action to succeed.

9.3. Monitoring and assessing the action

The action forms part of the Community Statistical Programme, which is monitored continuously by means of a general table which determines the objectives and resources required for each project as a function of the objective/performance ratio. At the beginning of each year, Eurostat produces a progress report on the programme as at the end of the previous year. It comprises three parts as follows:

- the first summarizes the main achievements of the year in respect of each policy;
- the second describes the objective of each project and the results achieved;
- the third gives statistics on the use of human, budgetary, computer and administrative resources in the course of the previous year.

10. ADMINISTRATIVE EXPENDITURE (PART A OF THE SECTION III OF THE GENERAL BUDGET)

10.1. Effect on number of staff?

Type of staff		Staff to be allocated: Permanent	Staff to be allocated: Temporary	of which: By using resources present in the DG or service concerned	of which: By using additional sources	duration
Permanent staff or temporary agents	A	.5	0	.5	0	1997-98
	B	.5	0	.5	0	
	C	0	0	0	0	
Other resources			0	0	0	
Total		1	0	1	0	

10.2. Overall financial impact of additional human resources

(ECU)

	Amount	Method of calculation
Permanent staff	0	
Temporary agents	0	
Other resources	0	
Total	0	

10.3. Impact on other operational costs

(ECU)

Budget-line	Amount	Method of calculation
Total	0	

IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS, WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES

TITLE OF THE PROPOSAL: DRAFT COUNCIL REGULATION ON STATISTICS ON THE LEVEL AND STRUCTURE OF LABOUR COSTS IN INDUSTRY AND THE SERVICES SECTOR

THE PROPOSAL:

1 **Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?**

In order to carry out its tasks in the field of economic and social affairs, particularly with regard to employment and working conditions, the Commission needs to have at its disposal comparable information on the level and structure of labour costs in the Member States of the EU. This need has become more pressing because of the new policies set out in the White Paper on Growth, Competitiveness and Employment.

Labour cost data are indispensable for defining and assessing the effect of social policies and measures on the labour market at both national and community level.

The statistical information available in the Member States is an inadequate basis for valid comparisons, for reasons which include, in particular, the differences in the nature of the surveys and the existing data sources, legal systems and administrative practices. In keeping with the principle of subsidiarity, responsibility for the overall planning of the statistics on labour costs at EU level is shared between the Commission and the Member States. The aim is to achieve comparability of the data, through a common definition of concepts and classifications, and to identify the information required by the principal users, i.e. Community institutions, national governments, regional and local authorities, international organisations, employers' associations, trade unions and research bodies. This has to be done without attempting to harmonise the Member States' arrangements for the collection of data. The actual collection of data and the methods used to do this are the responsibility of the Member States.

THE IMPACT ON BUSINESS:

2 Who will be affected by the proposal?

- *which sectors of business*

The statistics will cover businesses in sections C (Mining and quarrying), D (Manufacturing), E (Electricity, gas and water supply), F (Construction), G (Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods), H (Hotels and restaurants), group 63.3 (Activities of travel agencies and tour operators; tourist assistance activities not elsewhere covered) of section I (Transport, storage and communications), divisions 65 (Financial intermediation, except insurance and pension funding) and 66 (Insurance and pension funding, except compulsory social security) of section J (Financial intermediation) and section K (Real estate, renting and business activities) of the Classification of Economic Activities in the European Community (NACE Rev.1), subject to the special provisions mentioned in the Annex to this Regulation.

- *which sizes of business (what is the concentration of small and medium-sized firms)*

The survey will not include enterprises with less than 10 employees. Information is required only for enterprises with at least 10 persons occupied.

It is intended that results be obtained for various sizes of business.

To reduce the burdens on businesses and National Statistical Institutes , the statistics will be carried out by sampling. The sampling plans will be drawn up by the NSIs, which generally use different sampling ratios depending on the size of the statistical units to be used. A large proportion of the information requested on the questionnaires is available in businesses' administrative files, which means that the inconvenience will not be great. Likewise, the registers of businesses/local units also contain some of the information required.

In Member States using to different extents existing data sources, the burden on businesses will be considerably less because some variables will be derived from these sources. The regulation states that the survey need not be carried out if the Member States have information from other appropriate sources which is at least equivalent as regards accuracy, quality and timeliness. On the same condition, Member States are allowed to estimate necessary data using statistical inference methods where some or all of the characteristics have not been observed for all the units for which the statistics are to be compiled.

Even if all the information needed has to be obtained from the enterprises, the workload is kept within reasonable bounds by limiting the list of variables to a selection of easily-calculated annual aggregates.

- *are there particular geographical areas of the Community where these businesses are found?*

In principle, businesses are located in all Regions and Member States. However, small and medium-sized enterprises predominate in certain areas of the EU. In order to draw up more detailled tables on labour costs at regional level, some data are requested at NUTS 1 level.

3 **What will business have to do to comply with the proposal?**

The units which are to be included in the surveys will be called on to give accurate and complete information on the questionnaires which will have been sent to them by their national statistical offices (and to return the questionnaires within the given deadline).

However, in the Member States which will use to different extents existing data sources the extra effort required of businesses will be considerably reduced.

4 **What economic effects is the proposal likely to have?**

The proposal obviously implies some expenditure in the data collection, for the national statistical offices and the enterprises sampled. However these costs are far outweighed by the positive effects :

- *on employment*
- *on investment and the creation of new businesses*
- *on the competitive position of businesses*

Timely, accurate and comparable data on the level and structure of labour costs are necessary for implementing and assessing economic, social and business policies. In this respect, the proposed statistics will allow a better understanding of the situation of employment and the fight against unemployment and will have beneficial effects on investment and competitiveness. The access to reliable, up-to-date data provided to those responsible for economic and social-policy decisions will enable them to better appreciate the socio-economic conditions in which they have to work, and will allow employers to define general business policies more clearly.

The importance of the Community measures which would benefit in terms of both implementation and follow-up from the availability of up-to-date statistics on labour costs would indicate that the resulting benefits will more than justify the costs involved.

5 **Does the proposal contain measures to take account of the specific situation of small and medium-sized firms?**

Yes. In order to reduce the number of units to be covered by the survey, enterprises with fewer than 10 employees will not fall within its scope. Furthermore, the percentage of small and medium-sized enterprises included in the survey is generally much lower than that of large enterprises because of the sampling methods used at national level. Finally, the considerata and article 6.4 of the draft Regulation take account explicitly of the specific situation of small and medium-sized firms. The burden on enterprises, particularly on small and medium-sized enterprises, and representativeness requirements shall be taken into account by the Member States in their choice and combination of the sources and the use of estimations foreseen on the Regulation.

6 Consultation

The Union of Industrial and Employers' Confederations of Europe (UNICE) took part from the outset in meetings organised by the "Earnings Statistics" working party throughout the phase during which the proposal was being formulated. Given the importance (which was mentioned several times) to employers' associations of information on the level and structure of labour costs, the representatives of this organisation made an active contribution to defining the nature of the survey.

The European Trade Union Confederation (ETUC) also supports this project.

The main users in the Commission (DG II and DG V) were consulted on a number of occasions while the draft was being prepared. Accordingly, their requirements were made known at the meetings of the working party, thereby enabling the representatives of the statistical services to take better account of their suggestions.

The overall planning of the proposed draft has greatly benefited from the experience of previous surveys. In this respect, the aim of the working party has been to prevent the reoccurrence of the major problems which arose in the past.

ADDITIONAL STATEMENT CONCERNING THE EFTA MEMBERS OF THE EEA

TITLE OF THE PROPOSED LEGISLATION

Proposal for a Regulation on statistics on the level and structure of labour costs

IMPACT ON THE EFTA MEMBERS OF THE EEA

The EFTA members of the EEA have an interest in the proposed Regulation, and have been associated in its discussion.

All the EFTA members of the EEA took part in the meetings of the Working Party relating to this matter.

FINANCIAL STATEMENT

The financial statement annexed to this document concerns the Member States of the European Union.

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