

3 Labour Costs

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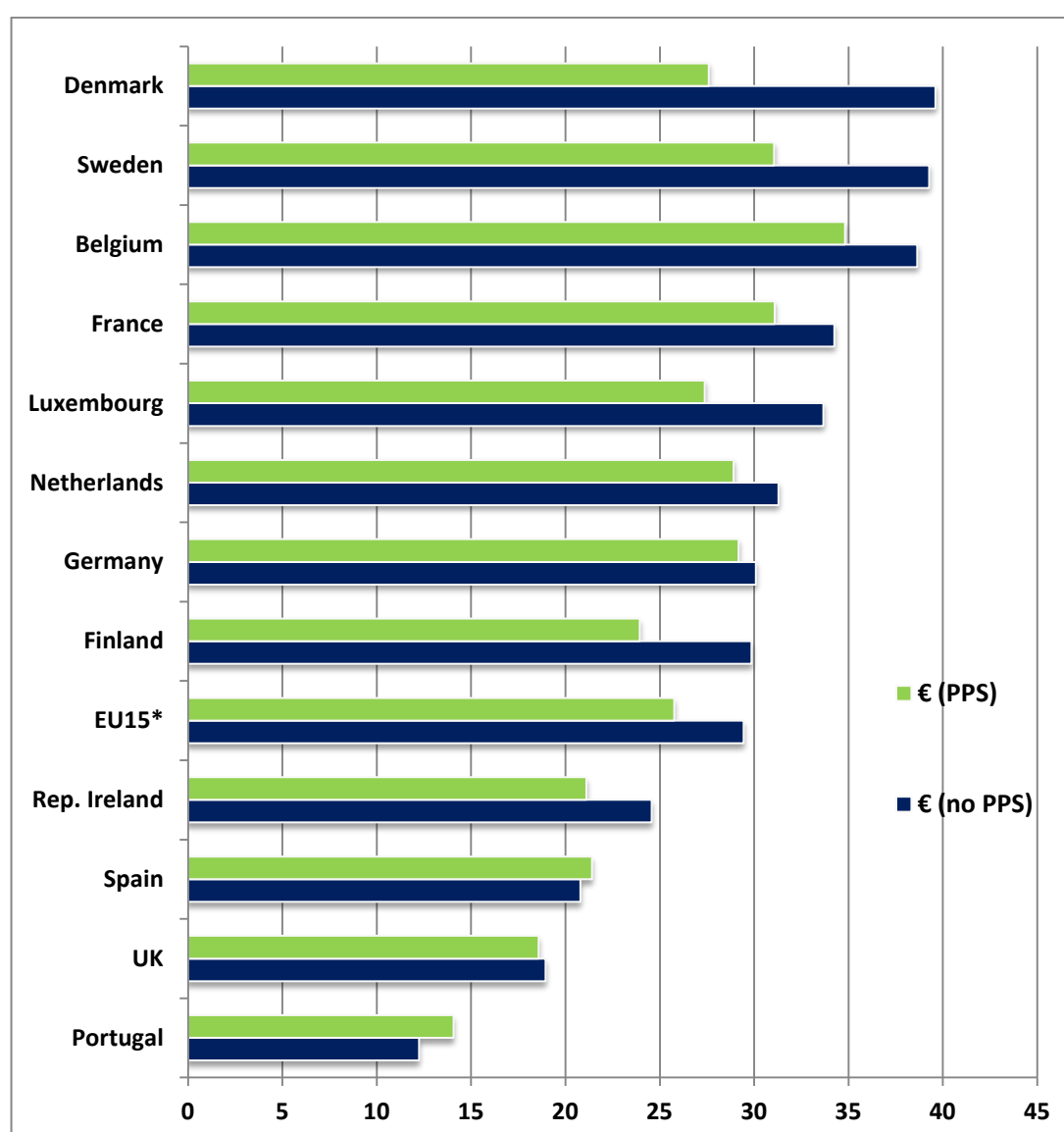
Indicator 3.1a Cost of Employing Labour across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour for the Business Economy (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 13 November 2013.

Chart 3.1a Hourly Labour Costs – Business Economy (EU15) in 2011



Note: EU 15* refers to 12 countries. Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria

Table 3.1a Hourly Labour Costs – Business Economy (EU15)

	€ (no PPS)	€ (PPS)
Denmark	39.61	27.61
Sweden	39.28	31.07
Belgium	38.65	34.82
France	34.26	31.09
Luxembourg	33.68	27.39
Netherlands	31.29	28.92
Germany	30.10	29.18
Finland	29.86	23.94
EU15 Average*	29.44	25.77
Rep. Ireland	24.57	21.12
Spain	20.80	21.41
UK	18.95	18.59
Portugal	12.25	14.07

Note: * Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria. Therefore, average is for 12 countries only.

Interpretation

Comparative data on what it costs to employ labour may be presented in a number of ways. In this presentation the focus is on the cost per hour adjusted, and not adjusted, for differences in the cost of living in a country as measured by PPS – the purchasing power standard estimated by Eurostat. The PPS method attempts to correct for differences in prices between countries.

Technical Notes

The total business economy includes all sectors of industry and services excluding public administration. Agriculture is not included.

Data for Greece, Italy and Netherlands were not available for 2011.

Source(s)

Eurostat online database <http://epp.eurostat.ec.europa.eu> (code lc_an_cost_r2).

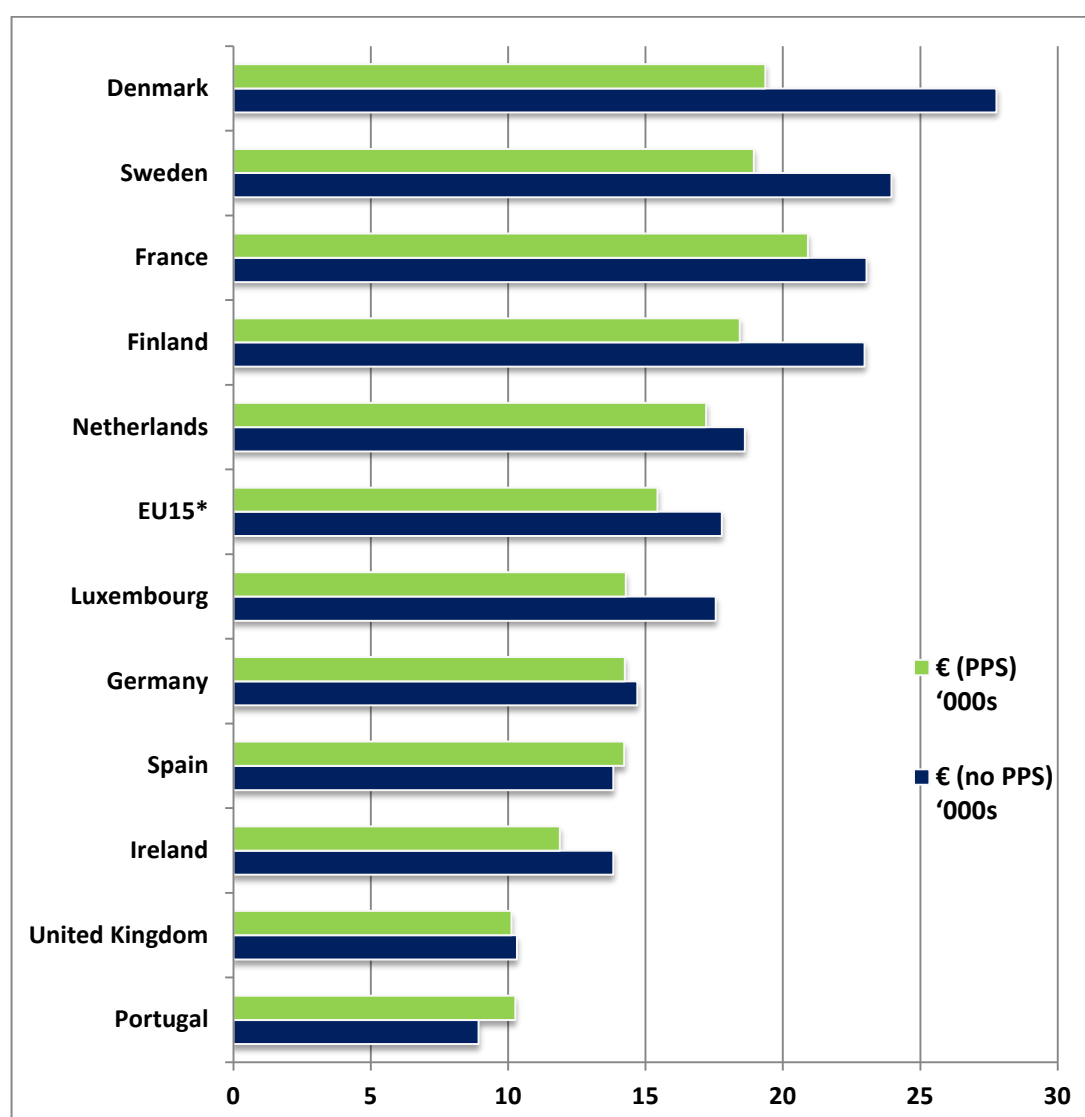
Indicator 3.1b Cost of Employing Labour in the Accommodation and Food Sectors across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour for the Accommodation and Food Sector (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 13 November 2013.

Chart 3.1b Hourly Labour Costs – Accommodation and Food sector (EU15)



Note: EU-15* refers to 11 countries. Data for 2011 were not available for the following EU15 countries: Belgium, Greece, Italy and Austria

Table 3.1b Hourly Labour Costs – Accommodation and Food sector (EU15)

	€ (no PPS)	€ (PPS)
Denmark	27.78	19.36
Sweden	23.95	18.94
France	23.05	20.91
Finland	22.98	18.43
Netherlands	18.62	17.21
EU15 Average*	17.78	15.44
Luxembourg	17.56	14.28
Germany	14.70	14.25
Rep. Ireland	13.83	11.89
Spain	13.83	14.23
United Kingdom	10.32	10.12
Portugal	8.93	10.26

Note: *EU-15 refers to 11 countries. Data for 2011 were not available for the following EU15 countries: Belgium, Greece, Italy and Austria

Interpretation

See interpretation for indicator 3.1a, above.

Technical Notes

See notes for indicator 3.1a, above

Source(s)

Eurostat online database <http://epp.eurostat.ec.europa.eu> (code lc_an_cost_r2).

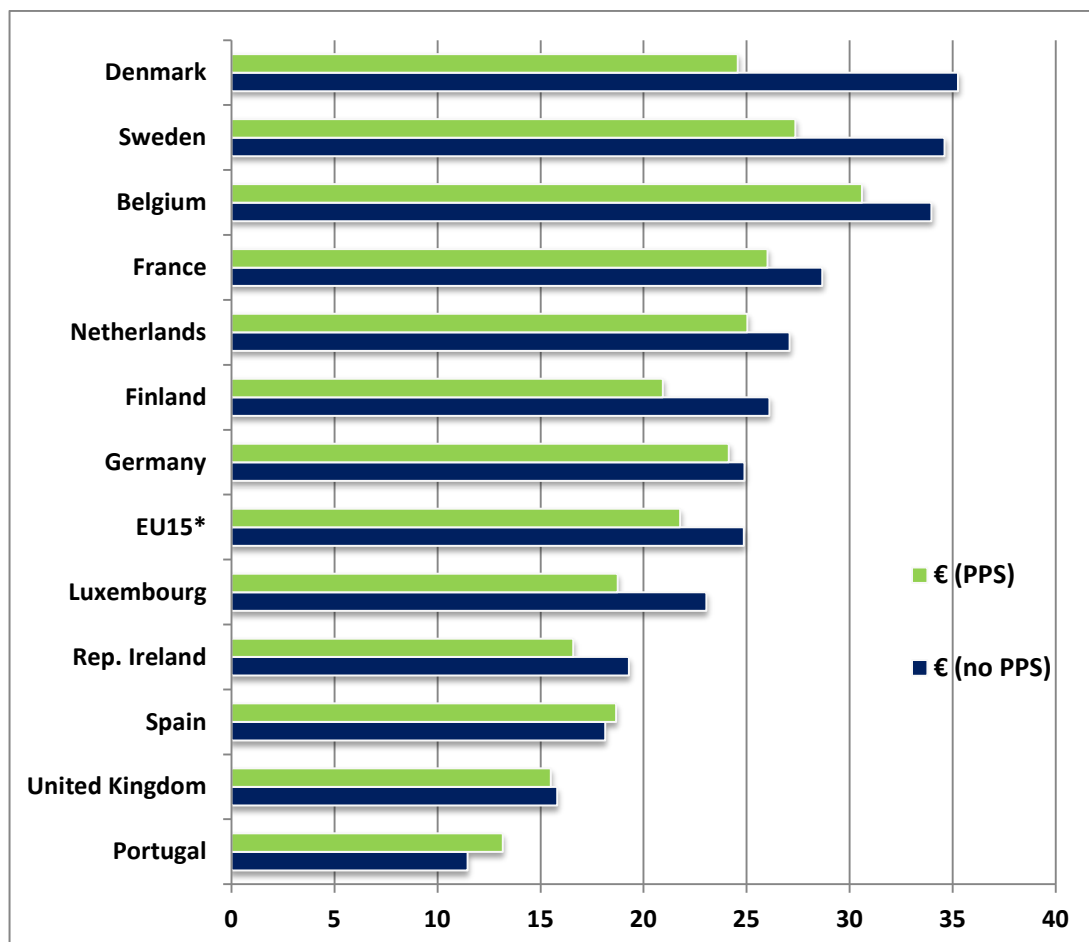
Indicator 3.1c Cost of Employing Labour in the Wholesale and Retail Trade Sectors across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour in the wholesale and retail trade including the repair of motor vehicles and motorcycles sector (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 13 November 2013.

Chart 3.1c Hourly Labour Costs – Wholesale and retail trade (EU15)



Note: EU-15* refers to 12 countries. Data for 2010 were not available for the following EU15 countries: Greece, Italy and Austria

Table 3.1c Hourly Labour Costs – Wholesale and retail trade; repair of motor vehicles and motorcycles (EU15)

	€ (no PPS)	€ (PPS)
Denmark	35.27	24.58
Sweden	34.61	27.37
Belgium	33.98	30.61
France	28.68	26.02
Netherlands	27.10	25.05
Finland	26.12	20.94
Germany	24.90	24.14
EU15 Average*	24.87	21.78
Luxembourg	23.05	18.75
Rep. Ireland	19.30	16.59
Spain	18.14	18.67
United Kingdom	15.82	15.51
Portugal	11.47	13.17

Note: * Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria. Therefore, average is for 12 countries only.

Interpretation

See interpretation for indicator 3.1a, above.

Technical Notes

See notes for indicator 3.1a, above

Source(s)

Eurostat online database <http://epp.eurostat.ec.europa.eu> (code lc_an_cost_r2).

Indicator 3.2a Comparing Labour Costs in the Civil Service across OECD countries (Clerical Officer)

Indicator defined

Total cost of 'Secretaries' (Clerical Officers) in Central Government in 2009 (US dollars at constant purchasing power parity)

Data is the latest available as of 30 August 2013.

Chart 3.2a Total Cost of Employing 'Clerical Officers' in the Civil Service US\$ PPP, 2009

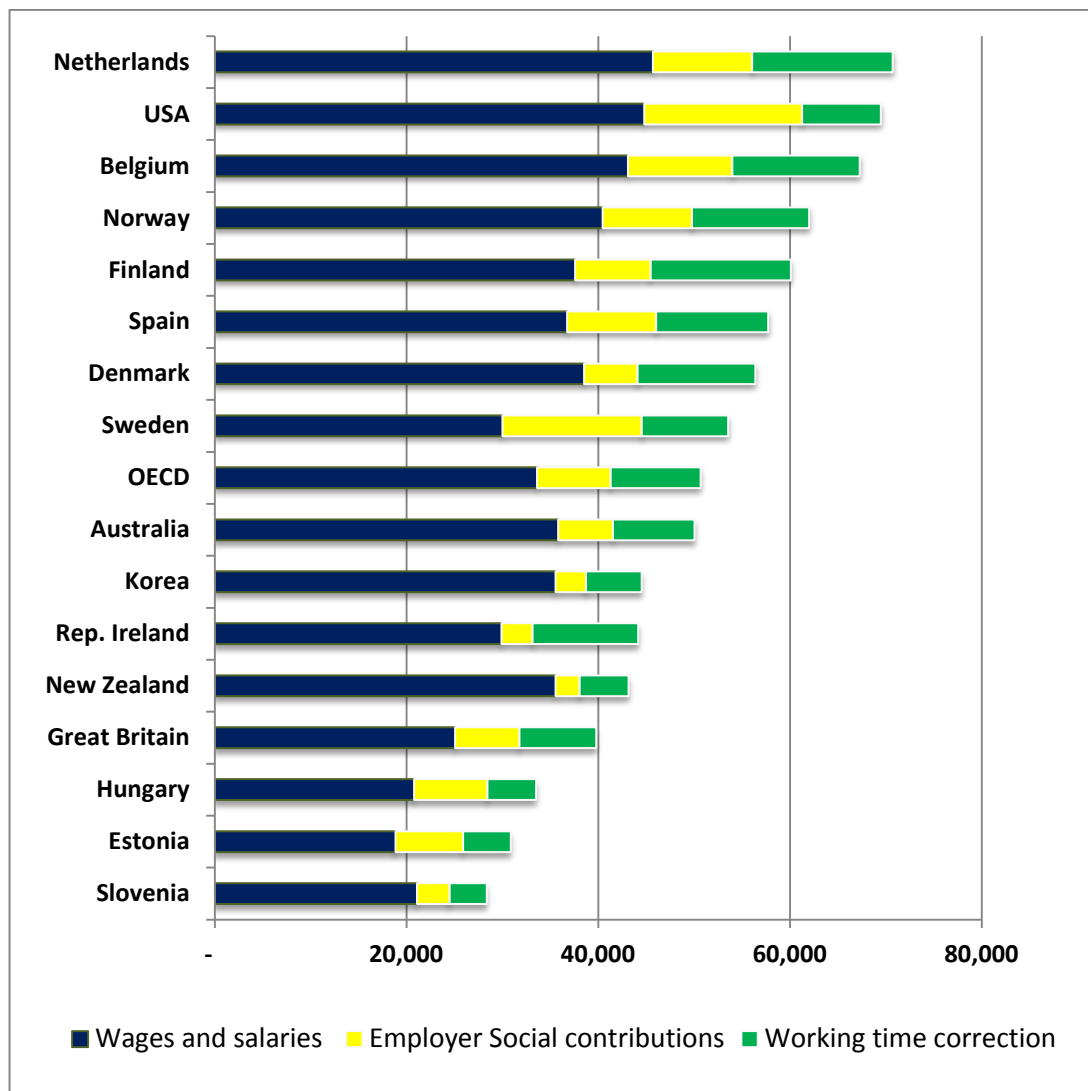


Table 3.2a Total Cost of Employing 'Clerical Officers' in the Civil Service US\$- 2009 (US \$ at constant purchasing power parity)

	Wages and salaries	Employer Social contributions	Working time correction	Total
Netherlands	45,717	10,363	14,640	70,720
USA	44,808	16,471	8,197	69,476
Belgium	43,099	10,903	13,297	67,298
Norway	40,473	9,302	12,238	62,014
Finland	37,609	7,865	14,615	60,089
Spain	36,772	9,267	11,707	57,746
Denmark	38,550	5,552	12,293	56,394
Sweden	30,034	14,511	9,011	53,556
OECD average	33,631	7,678	9,369	50,678
Australia	35,831	5,701	8,529	50,062
Korea	35,575	3,151	5,808	44,534
Rep. of Ireland	29,940	3,219	11,026	44,184
New Zealand	35,579	2,476	5,136	43,191
Great Britain	25,075	6,719	7,996	39,791
Hungary	20,806	7,646	5,081	33,533
Estonia	18,874	7,029	4,974	30,877
Slovenia	21,117	3,400	3,865	28,381

Interpretation

Comparisons of the cost of employing staff across countries is challenging. In its publication *Government at a Glance*, OECD provides comparative data in relation to the earnings and cost of employing certain categories of staff in the General Government sector according to an internationally agreed classification of occupations (ISCO-88). This indicator presents data for just one category – the grade of Clerical Officer or its equivalent in other countries (secretarial staff). The comparison indicates that average cost per employee is lower in the Republic of Ireland than the average across reporting OECD countries. The data are expressed in US dollars corrected for differences in the cost of living and refer to the year 2009. The impact of pay cuts in the public service in the Republic in 2010 are not, therefore, captured in this comparison.

Source(s)

Government at a Glance, OECD, Paris. The preliminary version of Government at a Glance 2013 was released on 14th November 2013. However, data for Irish wages was not included. For further country-specific information as well as details on the methodology used see Annex D (available [here](#)). Further details on the calculation and composition of this indicator are available in appendix 1.

Indicator 3.2b Comparing Labour Costs in the Civil Service across OECD countries (Principal Officer)

Indicator defined

Total cost of 'Senior Manager Staff' (PO) in Central Government in 2009 (US dollars at constant purchasing power parity)

Data is the latest available as of 30 August 2013.

Chart 3.2b Total Cost of Employing 'Principal Officers' in the Civil Service US\$ PPP - 2009

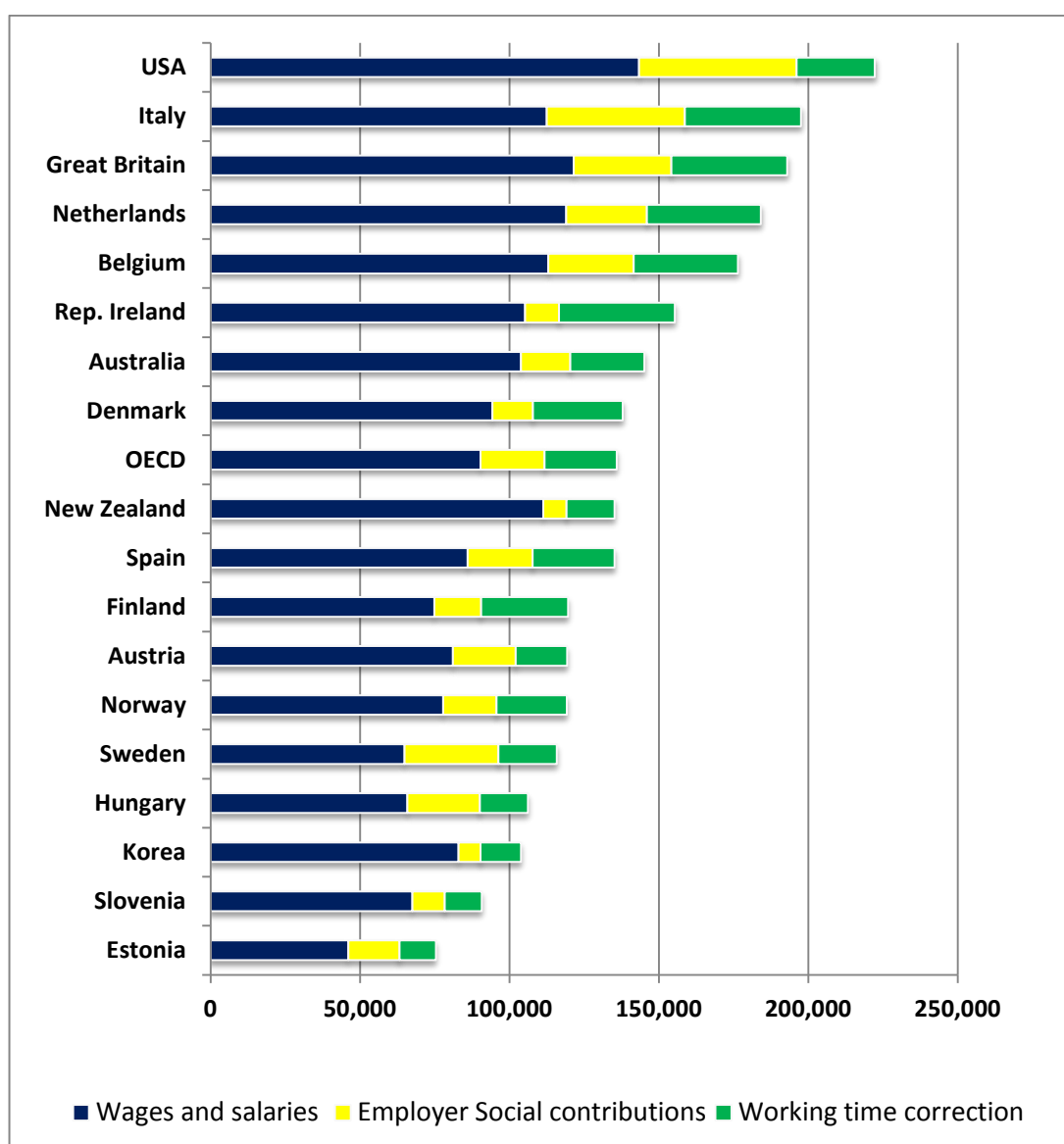


Table 3.2b Total Cost of Employing 'Principal Officers' in the Civil Service US\$- 2009 (US Dollars at constant purchasing power parity)

	Wages and salaries	Employer Social contributions	Working time correction	Total
USA	143,369	52,702	26,228	222,299
Italy	112,471	46,219	38,847	197,538
Great Britain	121,579	32,578	38,769	192,926
Netherlands	119,043	26,983	38,121	184,148
Belgium	113,011	28,588	34,865	176,464
Rep. of Ireland	105,246	11,314	38,759	155,319
Australia	103,891	16,531	24,731	145,152
Denmark	94,291	13,579	30,068	137,938
OECD average	90,360	21,453	24,083	135,896
New Zealand	111,346	7,749	16,072	135,167
Spain	86,059	21,687	27,399	135,145
Finland	74,869	15,657	29,094	119,620
Austria	81,100	21,044	17,160	119,304
Norway	77,806	17,883	23,527	119,216
Sweden	64,987	31,398	19,496	115,881
Hungary	65,905	24,220	16,093	106,218
Korea	82,985	7,351	13,548	103,884
Slovenia	67,541	10,874	12,360	90,776
Estonia	46,097	17,169	12,149	75,415

Interpretation

See notes for indicator 3.2a above.

Technical Notes

Principal Officers (or equivalent grades) in the civil service in Ireland are coded by OECD as upper middle managers (ISCO-08 12) or 'D3' staff. Refer to Appendix 1 for further details.

Source(s)

Government at a Glance, OECD, Paris. Download table [here](#). The preliminary version of Government at a Glance 2013 was released on 14th November 2013. However, data for Irish wages was not included.

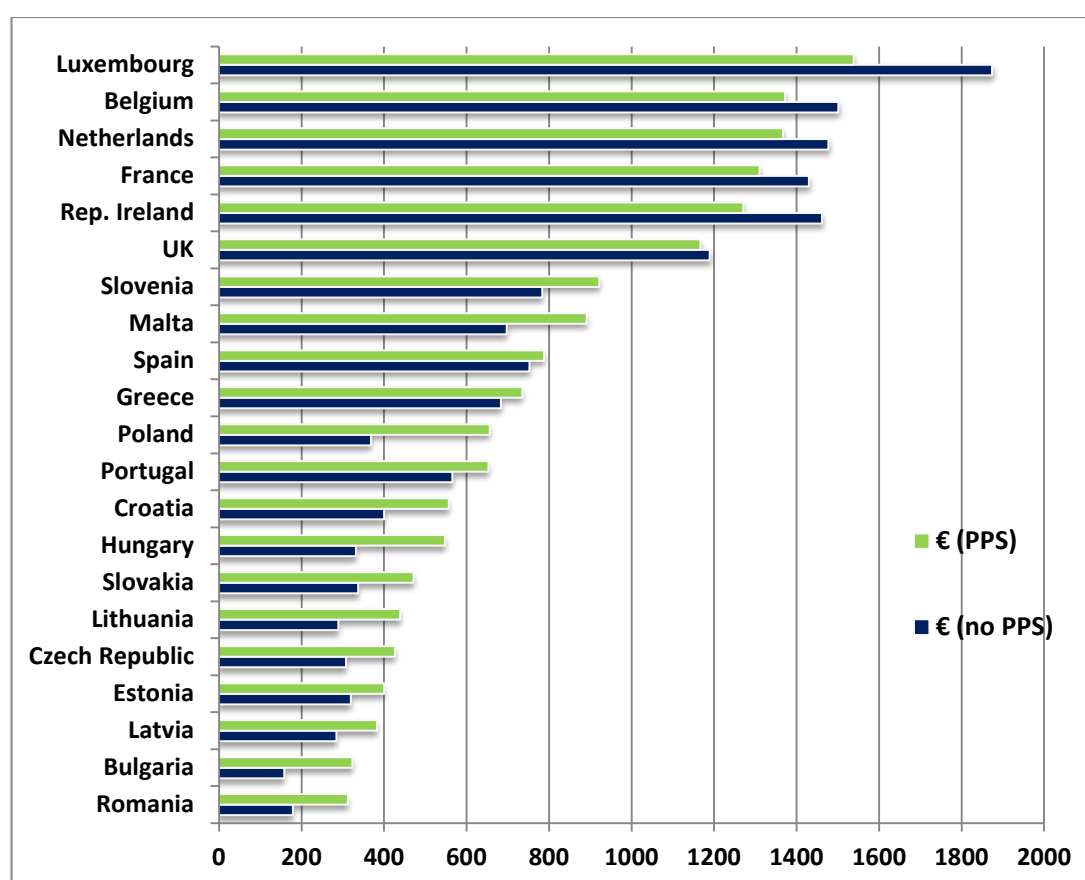
Indicator 3.3 Comparisons of National Minimum Wage across the EU

Indicator defined

Monthly national minimum wages across the EU (Euro with, and without, adjustment for differences in cost of living PPS) for second half of 2013

Data is the latest available as of 28 November 2013.

Chart 3.3 Monthly National Minimum Wage across EU 28



Note: Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden do not have a statutory national minimum wage.

Table 3.3 Monthly National Minimum Wage across EU 28

	€ (no PPS)	€ (PPS)
Luxembourg	1,874.19	1,538.79
Belgium	1,501.82	1,372.80
Netherlands	1,477.80	1,367.24
France	1,430.22	1,310.78
Rep. Ireland	1,461.85	1,271.01
UK	1189.92	1167.15
Slovenia	783.66	921.79
Malta	697.42	891.61
Spain	752.85	788.30
Greece	683.76	735.59
Poland	368.87	656.14
Portugal	565.83	653.08
Croatia	400.67	557.18
Hungary	332.37	547.94
Slovakia	337.7	472.12
Lithuania	289.62	439.61
Czech Republic	308.30	427.00
Estonia	320.00	400.29
Latvia	284.74	383.35
Bulgaria	158.50	324.01
Romania	179.36	312.77

Note: Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden do not have a statutory national minimum wage.

Interpretation

National monthly minimum wages, adjusted for prices, reflect the minimum standard of living that a full-time employed worker can expect. Minimum wages (adjusted or not for prices) are not a suitable measure of labour cost competitiveness. This is as: many high pay countries without statutory minimum wages have de facto minimum wages; minimum wages do not include other labour costs, such as social insurance, which are low in Ireland; monthly wages depend on hours worked which vary across countries. In general, labour costs data gives a better indication of labour cost competitiveness (see indicators 3.1a, 3.1b, 3.1c, 3.2a, 3.2b).

Technical Notes

Belgium and Greece have a national minimum wage which is set by national intersectoral agreements. Eurostat includes both countries in the data collection as the minimum wage is fairly universal in coverage. For Ireland, France, the United Kingdom the minimum wage is fixed at an hourly rate, and for Malta the minimum wage is fixed at a weekly rate. These have been converted to a monthly rate.

Source(s)

Eurostat online database <http://epp.eurostat.ec.europa.eu> (code earn_mw_cur).

Indicator 3.4 A Profile of Economic Inactivity among those who want to work in Northern Ireland

Indicator defined

Reasons for economic inactivity in Northern Ireland among those who want to work

Reference period for latest available data used in this indicator is Q1 2013. Data extracted on 28 of May 2013. Next update due April/May 2014

Chart 3.4 Reasons for Economic Inactivity, 1995-2013

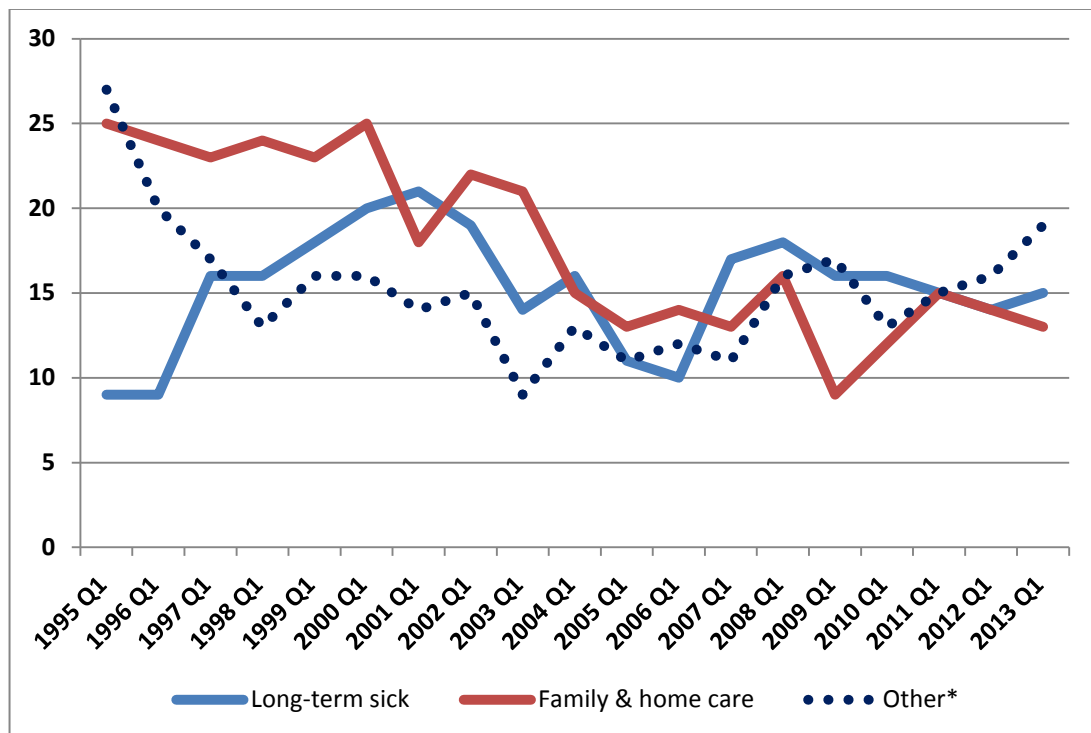


Table 3.4 Reasons for Economic Inactivity, 1995-2013 (000's of workers)

Quarter	Long-term sick	Family & home care	Other
1995 Q1	9	25	27
1996 Q1	9	24	20
1997 Q1	16	23	17
1998 Q1	16	24	13
1999 Q1	18	23	16
2000 Q1	20	25	16
2001 Q1	21	18	14
2002 Q1	19	22	15
2003 Q1	14	21	9
2004 Q1	16	15	13
2005 Q1	11	13	11
2006 Q1	10	14	12
2007 Q1	17	13	11
2008 Q1	18	16	16
2009 Q1	16	9	17
2010 Q1	16	12	13
2011 Q1	15	15	15
2012 Q1	14	14	16
2013 Q1	15	13	19

Interpretation

The indicator gives reasons for economic inactivity among those who want a job. Northern Ireland has higher levels of economic inactivity compared to the UK. What the data show is a subtle decline in family and long-term illness as reasons for economic inactivity. The increase in “other” reasons suggests that further specific research is required to investigate what those reasons might be.

Technical Notes

The grouping above is taken from economically inactive workers aged 16+. Of these the graph and chart are based on those who want a job but had not sought employment in the previous four weeks.

Source(s)

Northern Ireland Labour Force Survey Key data Historical Series (1992-2011) [here](#)

LFS Labour Market Statistics (Jan – Mar 2013) [here](#)

Appendix

Appendix 1 Details on the Calculation and Composition of Indicators 3.2a and 3.2b

Technical Notes

Clerical officer grade

Secretaries (general office clerks) (ISCO-08 411 and 4110) 'perform a range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information and appointments. They record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence of a routine nature; record issue of equipment to staff; respond to telephone or electronic enquiries or forward to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers; and proofread and correct copy'. The international category of 'Secretaries' translates into 'Clerical Officer' grade staff in the Republic of Ireland.

Principal Officer grade

Principal Officers (or equivalent grades) in the civil service in Ireland are coded by OECD as upper middle managers (ISCO-08 12) or 'D3' staff. These 'plan, direct and co-ordinate the general functioning of a specific directorate/administrative unit within the Ministry with the support of other managers, usually within the guidelines established by a board of directors or a governing body. They provide leadership and management to teams of professionals within their particular area. These officials develop and manage the work programme and staff of units, divisions or policy areas. They establish and manage budgets, control expenditures and ensure the efficient use of resources. They monitor and evaluate performance of the different professional teams'. (Annex D of Government at a Glance).

Methodology and Definitions Note by OECD

Data refer to 2009 and were collected by the 2010 OECD survey on the Compensation of Employees in Central/Federal Governments. Officials from central Ministries and Agencies responded to the survey through the OECD Public Employment and Management Working Party.

Total compensation includes wages and salaries, employers' social contributions to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems). Compensation was converted to USD using PPPs for GDP from the OECD National Accounts Database. Working time adjustment compensates for differences in time worked (both weekly working time and holidays). A larger working time adjustment generally means that employees work fewer hours and/or days per year. The focus on total compensation allows a comparison of the varying degrees with which governments remunerate their employees via social contributions or via higher wages and salaries. In most cases data are for six central government Ministries/Departments only (Interior, Finance, Justice, Education, Health and Environment or their equivalents). Positions are based on the International Standard Classification of Occupations (ISCO). The main limitations of the data are the less-than-full comparability of occupations

across countries, the way countries have interpreted the definition of the positions, and some lack of clarity regarding the level of social contributions and the differing costs of living across countries in capital cities.

Compensation levels are calculated by averaging the compensation of the staff in place. (It is not the middle point between the minimum and maximum salary.)

The following points should also be noted in regard to data provided for the Republic of Ireland:

1. The amount shown take into account the decrease of the salaries following the Financial Emergency Measures in the Public Interest Act 2009 (the public service pension deduction).
2. The impact of pay cuts in 2010 has not been included.
3. Estimates for employer Social contributions (10.45%) refer to staff hired after 1995 (class A1). The social insurance element of future pension liabilities to the State of employing staff is therefore captured in this figure. However, the occupational element of future pension liabilities is not included. An adjustment based on National Accounts data sources has been made for other OECD countries shown in the above Table and Chart. Hence, the present value to the Exchequer of future pension liabilities is likely to be under-estimated for the Republic of Ireland compared to some other OECD countries where pensions are funded by a separate employer contribution rather than through a 'pay-as-you go' mechanism. Further analysis and survey work is planned by OECD in regard to this aspect of international comparison.