Labour Force Survey: introduce wages from the main job as a compulsory variable

2006/0180(COD) - 02/10/2006 - Legislative proposal

PURPOSE : to introduce wages from the main job as a compulsory variable in the Labour Force Survey, and amend Council Regulation 577/98/EC on the organisation of a labour force sample survey in the Community.

PROPOSED ACT : Regulation of the European Parliament and of the Council.

CONTENT : following the mid-term review of the Lisbon Strategy in 2005, the Commission planned a complete revision of the governance of the European Employment Strategy so as to maximise synergies between national measures and Community action. Information on wages and their determinants are a key element to monitor economic, employment, education and gender equality policies, and will contribute to the evaluation of the new social agenda 2005-2010.

Accordingly, the Commission needs information on the structure and distribution of earnings in the Member States by socio-economic characteristics and also in relation to the different forms of paid employment. This information is essential in order to analyse and understand the labour market and the changes taking place in the structure of the labour force. The advantages of having data on wages and salaries in relation to other employment characteristics are widely recognised. The Labour Force Survey (LFS) is the first and most authoritative reference source for labour market information and therefore wages, as a fundamental variable to explain labour market behaviour, should be included as a compulsory variable in this survey to allow a more complete analysis of labour markets.

Council Regulation 577/98/EC introduced income as a new survey characteristic for which labour force survey data should be provided. However, because of the sensitivity of this kind of information, it was introduced only as an option, to allow Member States to test the feasibility of collecting this kind of information in a labour force survey, to ascertain the best way of doing so without increasing the general non-response rate, and to check the quality of the information collected. About half the Member States are now collecting wages in the LFS with satisfactory results and best practices for data collection have also been identified.

The value of collecting this information for policy purposes is widely recognised and a full coverage of the EU is needed. However certain Member States demand a simplification of the previous optional variable, in order to start the data collection and others can only include the variable in their LFS regular questionnaire if there is a legal obligation to provide this information.

Therefore, this proposal deals with amending Council Regulation 577/98 and introducing wages from the main job as a compulsory variable in the LFS. Its principal aims are:

- to change the optional status of this survey characteristic;

- to limit the information to be provided on income to "wages from the main job";

- to allow Member States a time-limit of 18 months to transmit the data. To avoid extra burden, several Member States have asked to use administrative data as the basis for the provision of these data. Using administrative data means that data transmission will take longer. The Commission accepted this situation, which is reflected in the proposal.