

TWINNING CONTRACT

Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards

Ukraine



MISSION REPORT


on

**Evaluation of Methodology for Salary Measuring concerning
Compliance with EU and ILO Standards**

Component no II – Activity 2.1

Mission carried out by Steen Bielefeldt Pedersen, Statistics Denmark and Maria Boye,
Statistics Denmark
Kiev, January 16th – 19th 2012

Version: Final

		 STATISTICS DENMARK

Author's name, address, e-mail

*Steen Bielefeldt Pedersen
Head of division
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 39 17 31 41
Email: sbp@dst.dk*

*Maria Boye
Head of section
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 39 17 34 22
Email: mab@dst.dk*

Table of contents

1. General comments	4
2. Assessment and results	4
3. Conclusions and recommendations	5
Annex 1. Terms of Reference	7
Annex 2. Persons met	9

List of Abbreviations

ToR	Terms of Reference
SSSU	State Statistics Service of Ukraine
DST	Statistics Denmark
LCI	Labour Cost Index
LCS	Labour Cost Survey
SES	Structure of earnings survey

1. General comments

This mission report was prepared within the Twinning Project „Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards”. It was the first mission to be devoted to Component II of the project. The mission was aimed at defining a strategic plan forming the base of the further implementation of the project in this statistical area.

The concrete objectives of the mission were:

- Assess methodology for measurement of salaries and wages from the point of view of compliance with the EU standards and the International Labour Organization (ILO).
- Clarification of plans concerning the next actions.

The consultants would like to take this opportunity to thank all officials and individuals met for the kind support and valuable information which they received during the stay in Ukraine, and which highly facilitated the work of the consultants.

The views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, SSSU or DST.

2. Assessment and results

Earnings is, also in Ukraine, something which for a long time has been of huge interest for both politicians and economists. This interest is reflected in a very comprehensive statistical system of earnings.

The consultants have been given an in-depth insight into Ukrainian labour market statistics in general and in Ukrainian statistics on earnings and labour costs in specific. The experts have been given valuable information about the so-called “Labour Payment fund” which is the frame and the basis of the data sources used for earnings and labour cost statistics in Ukraine.

The consultants were also presented for the different questionnaires used in SSSU in relation to collecting information on earnings and labour costs, and there was a general discussion about the questionnaires. To have a more in-depth discussion concerning the questionnaires it was agreed that the guidelines which is presented for the respondents together with the questionnaires would be translated and send to the consultants before the next mission.

The consultants presented current EU legislations on Earnings and Labour Cost statistics as well as Eurostats so-called gentlemen agreements in this statistical area.

The consultants also presented a more thorough review of Statistics Denmark's way of collecting information on earnings and labour costs and in continuation of that, how DST calculates the LCI to comply with the legislation.

The impression is that the SSSU is very concerned with problems and needs of the users and respondent both on a national and regional level. Such concern supports the overall impression of SSSU as a professional body with a statistical system of earnings and labour costs which is of high quality both in respect to sampling, collecting, validating and disseminating data. This also means that in respect to the question on compliance with international standards it is the overall impression that SSSU, has a system which can definitely comply if a few changes and some initiatives are introduced. Such changes and initiatives will be the focus on the next missions.

Apart from going in-depth with the present questionnaires and their deficiencies in respect to compliance with international standards, some of the problems to be addressed on the next missions would be:

- The focus in SSSU has historically been on real earnings and not labour costs which introduce a few challenges in respect to the collection and calculation of this part of both the LCS and the LCI.
- The way of distinguishing between earnings and labour costs in an international context could be different on some points from the way it is distinguished in Ukraine.
- Information on earnings and labour costs are not collected from public sector enterprises.
- There are no collection of employers social contribution at the moment.
- There are no collection of earnings and labour costs on individuals at the moment.

3. Conclusions and recommendations

Based on the information gained during the mission, SSSU and the consultants evaluated the mission plan, and agreed on a few changes to the plan. The suggested mission plan is outlined below.

To reduce the time spend on explaining the basic's concerning the Ukrainian labour market it is suggested that the consultants on this first mission will be the consultants on the rest of the mission concerning Earnings and labour costs.

The remaining 4 missions are suggested to have the following outline:

Mission 2.2 will have focus on the SES and the setup that SSSU has for the survey that might be implemented this year. The mission is suggested to take place in week 17 with one external consultant.

Mission 2.3 will be a study visit to Denmark in DST. The mission is proposed to take place May 29th to 31st.

Mission 2.4 will have focus on Labour Cost and LCI where the calculation of LCI is a key component. The mission is proposed to take place in September or October 2012.

Mission 2.5 will evaluate the progress of the different statistics as well as a seminar for external stakeholders informing them about earnings statistics and international guideline. SSSU will chair the seminar.

For Mission 2.2 and 2.4 the following deadlines for the missions have been suggested. The deadlines are for the work that has to be done before the missions.

Mission 2.2: Structure of earnings survey (SES) April 23rd to 26th.

Action	Deadline	Responsible person
Translation of relevant documents, questionnaires and instructions for the SES.	April 1 st 2012	SSSU
Presentation of current set-up and problems or difficulties faced for the SES	April 23 rd 2012	SSSU

Presentation of current EU legislation	April 23 rd 2012	DST
Comparison of SSSU set-up with the EU legislation	April 23 rd 2012	DST

Mission 2.4: Labour Cost and Labour Cost Index (LCI) September or October 2012.

Action	Deadline	Responsible person
Translation of the guidelines for the respondents for the quarterly and the four yearly surveys of labour cost.	Two weeks before the mission	SSSU
Examine to possibilities to collect information on Employers' social contributions	Start of the mission	SSSU
Presentation of current EU legislation	Start of the mission	DST
Comments and recommendations to comply with current legislation.	Start of the mission	DST

Annex 1. Terms of Reference

Terms of Reference *for Short-term Mission to the State Statistics Service of Ukraine*

Action 2.1 Assessment on measuring salaries and wages

Background Information

Statistics Denmark in partnership with Statistics Finland, Statistics Lithuania, Statistical Office of Slovak Republic, INE Spain - National Statistical Institute of Spain and Statistics Sweden, implements in Ukraine "Development of New Statistical Methodologies and Indicators in Selected Areas of Statistics in Line with EU Statistical Standards" Twinning Project. The State Statistics Service of Ukraine (State Statistics of Ukraine) is the Beneficiary of this Project.

This action is implemented under Component 2: Methodology on Measuring the Salaries and Wages. The purpose of this Component is to harmonize the national methodology on measuring the salaries and wages with the EU standards.

This action will contribute to achieving the abovementioned purpose and reference indicators specified in the contract:

- knowledge and practical skills of the State Statistics experts with regard to EU experience related to short-term surveys of labour payment and surveys of salary and wage structure are improved;
- draft methodology for measurement of salaries and wages is evaluated in terms of its compliance with EU standards

Mission Purpose

The prior purpose of the mission is the following:

Assess, available in Ukraine, methodology for measurement of salaries and wages from the point of view of compliance with the EU standards and the International Labour Organisation (ILO).

Expected Results

Identify the required actions to improve methodology for measurement of salaries and wages and labour costs in Ukraine.

Actions

The tentative schedule of the mission is the following:

16-17 January 2012.

- 1) Experts will be provided the existing system of statistical surveys for labour payment and labour cost: organisation, methodology, questionnaires, indicators, publications as well as the development plans.
- 2) Discuss the current Instruction for salary and wages statistics (translation is attached), in particular, compliance of its provisions with international standards and possible ways to improve it.

17-18 January 2012

3) The experts are suggested to make description and provide comments to the current Eurostat regulations concerning the standards of the present statistics of labour payment and calculation of labour cost index.

4) Despite the fact that the surveys of labour cost and the current (monthly) surveys of salaries/wages (questionnaires are attached) are underway in Ukraine the labour cost index is not calculated. The experts will assess the possibility of calculation of this index using the available information base.

5) The experts will provide their recommendations concerning the necessary steps to introduce such calculations: development of methodological documents, improvement of surveys etc.

19 January 2012

6) The experts will provide information with regard the practice of inclusion of labour payment issues into LFS: standards, initial indices, publications, comparisons with data of alternative sources.

7) Clarification of plans concerning the next actions.

Tasks to be fulfilled by the State Statistics to facilitate the mission

The State Statistics Service will ensure attendance of employees of the Labour Statistics Department; provide necessary information to the mission experts inclusive with documents (instruction, questionnaires etc.)

Consultant and Partner

The mission will be conducted together with:

Steen Bielefeldt Pedersen - Head of division – Statistics on earnings and absence, Statistics Denmark

Maria Boye - head of section, Statistics Denmark

The partners of the country-beneficiary will be:

Employees of the Labour Statistics Department

Inesa Senik – Director of Department

Tetiana Bochkaryova – Deputy Director of the Department – Head of Labour Payment Statistics Unit

Nadia Sokurenko – Chief Economist of Labour Payment Statistics Unit

Natalia Usik - Chief Economist of Labour Payment Statistics Unit

Timing

The mission will be conducted within January 16 – 19, 2012 in Ukraine.

Report

The summary report on the results of the mission should be submitted not later than two weeks after the mission is completed.

Annex 2. Persons met

SSSU:

Inesa Senyk, Director of Labour Statistics Department
Tetiana Bochkaryova, Deputy Director of Labour Statistics Department
Nadia Sokurenko, Chief Economist of Labour Payment Statistics Unit
Natalia Usik, Chief Economist of Labour Payment Statistics Unit

RTA Team:

Irina Bernstein, RTA
Volodymyr Kuzka, RTA Assistant
Oleg Slusarenko, Interpreter