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(A Statistical Digest on Labor Cost)

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Labor Cost in the Philippines

(Fifth of a fourteen-part series)

*Last year, the Bureau of Labor and Employment Statistics undertook a nationwide Labor Cost Survey (LCS) that covered **non-agricultural establishments employing at least 20 persons**. The inquiry fills one of the important gaps in the statistical measurement of wages in the country. Thus, it supplements the other statistical undertakings that collect data on wage rates, earnings and compensation of employees.*

The LCS aims to measure the level and composition of labor cost in the Philippines and the evolution of the cost components over time. The reference period of the first LCS is calendar year 1998 and the periodicity of the survey is every four (4) years. The second LCS will be conducted in 2003 with 2002 as reference year.

*This part of the series focuses on the main labor cost components in the **electricity, gas and water supply**. Statistics on the sub-components are available at the Bureau upon request.*

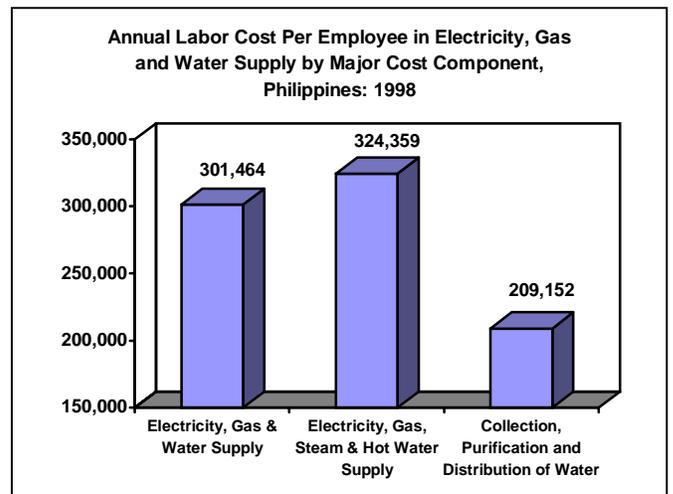
Major Labor Cost Components

- The annual labor cost in electricity, gas and water supply establishments stood at ₱22,994 million in 1998.
- Employers of electricity, gas, steam and hot water supply industry spent more for their workers with ₱19,824 million as compared to those in the collection, purification and distribution of water with only ₱3,170 million.
- Among the major labor cost components, direct wages and salaries had the highest share of 66.7 percent followed by bonuses and gratuities with 13.1 percent. Employer's payments to social security reached 9.7 percent while 10.4 percent represented other labor costs.
- The proportion of direct wages and salaries to corresponding total labor cost in collection, purification and distribution of water (72.7%) was higher than the 65.8 percent share of electricity, gas, steam and hot water supply.
- In terms of bonuses and gratuities, a reverse trend was observed where electricity, gas, steam and hot water supply employers spent higher (13.5%) than their counterparts in the collection, purification and distribution of water (10.7%).
- A higher employer's social security payment had been provided to workers in collection, purification and distribution of water (11.3%), while electricity, gas, steam and hot water supply had only 9.5 percent.

Annual Labor Cost Per Employee

- The annual labor cost in electricity, gas and water supply industry accounted to ₱301,464 per employee in 1998.
- Electricity, gas, steam and hot water supply employers paid higher labor cost at ₱324,359 per employee while workers in collection, purification and distribution of water received ₱209,152 each.
- Payment to direct wages and salaries accounted to ₱201,113; bonuses and gratuities totalled to ₱39,600; employer's expenses to social security reached ₱29,362 and other labor costs amounted to ₱31,389 for each employee.

- Notably, electricity, gas, steam and hot water supply employers spent higher amount in all major labor cost components per employee.



Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.

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TABLE 1. - Percent Distribution of Labor Cost in Electricity, Gas and Water Supply Industry by Major Cost Component, Philippines: 1998
(In non-agricultural establishments employing 20 and over)

Industry Group	Total		Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
	Amount (P M)	Percent				
Electricity, Gas and Water Supply	22,994	100.00	66.71	13.14	9.74	10.41
Electricity, Gas, Steam and Hot Water Supply	19,824	100.00	65.75	13.52	9.49	11.23
Collection, Purification and Distribution of Water	3,170	100.00	72.71	10.71	11.30	5.29

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.

TABLE 2. - Annual Labor Cost Per Employee in Electricity, Gas and Water Supply Industry by Major Cost Component, Philippines: 1998
(In pesos. In non-agricultural establishments employing 20 and over)

Industry Group	TOTAL	Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
Electricity, Gas and Water Supply	301,464	201,113	39,600	29,362	31,389
Electricity, Gas, Steam and Hot Water Supply	324,359	213,277	43,867	30,784	36,431
Collection, Purification and Distribution of Water	209,152	152,068	22,395	23,629	11,060

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.