

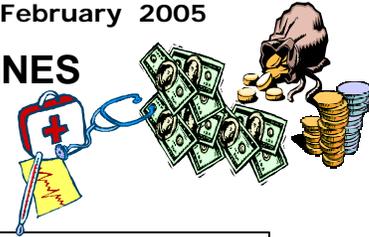
Vol. 9 No. 8

February 2005



LABOR COST IN THE PHILIPPINES

(Seventh of an eight-part series)



This LABSTAT is the seventh issue on a series of reports that focus on labor cost based on the results of the 2002/2003 BLES Integrated Survey (BITS) conducted last year in coordination with the DOLE Regional Offices. The BITS is a nationwide survey covering 6,818 sample non-agricultural establishments with 20 or more workers that aims to generate an integrated data set on employment, labor relations, labor cost and occupational safety in the workplace as basis for policy and program formulation.

This issue looks into the components of employer's social security expenditures across industries for the years 1998 (from the 1998 Labor Cost Survey) and 2002 (from the BITS). These are compulsory social security contributions, collectively agreed, contractual and non-obligatory contributions, direct payments by employer to employees regarded as social security, cost of medical care and health services and retirement and termination/separation pay. Specific industry details is available at the BLES Website.

Annual Social Security Expenditures Per Employee is 36 % Higher in 2002

In 2002, employers spent annual social security expenditures per employee in the amount of ₱17,317. This is 36.0 percent higher than ₱12,731 spent in 1998. Employers in electricity, gas and water supply paid the highest on social security benefits at ₱102,168 per worker in 2002. This was followed by those in financial intermediation at ₱34,783 and in mining and quarrying at ₱29,389. Employers in construction incurred the least at only ₱9,692. (Table 1)

Across sub-components, mandatory social security contributions constituted the highest component at ₱5,514 in 1998 and ₱7,285 in 2002 per employee. Non-mandatory or

collectively agreed contractual and non-obligatory contribution to private social security schemes and insurance accounted for less than 10 percent of total per employee social expenditures (₱1,229 in 1998 and ₱1,533 in 2002). Payments for retirement and separation of employees followed at ₱4,535 in 1998 to ₱6,367 in 2002. At third was cost of medical care and health services amounting to ₱1,103 in 1998 to ₱1,797 in 2002.

Least was direct payments made by employer to employees regarded as social security benefits which slightly decreased from ₱350 to ₱334 during the period.

Electricity, Gas and Water Supply Paid Highest Compulsory Social Security

In 2002, employers in utilities paid annual compulsory social security benefits amounting to ₱14,327 per employee, almost 17 percent higher than benefits paid in 1998 at ₱12,255. Second highest was in financial intermediation at ₱10,912, from ₱7,958 in 1998. In the rest of the industries, benefits per employee ranged from ₱5,988 in construction to ₱9,170 in mining and quarrying.

Employers in Mining and Quarrying Incurred Highest Collectively Agreed Contractual and Non-Obligatory Contributions

Estimated at ₱2,826 per employee, employers in mining and quarrying paid the highest collectively agreed contractual and non-obligatory contributions to private social security schemes and insurance in 2002. This was followed by financial intermediation at ₱2,701 and third was in transport, storage and communications at ₱2,388. Least was recorded at ₱171 in construction.

Mining and Quarrying With Highest Direct Payments by Employer to Employees Regarded as Social Security

Mining and quarrying posted the highest annual direct payments* per employee regarded as social security in 2002 at ₱1,714, which is almost seven times its level in 1998 at ₱250.

Elsewhere, it varied from ₱123 in other community, social and personal services to ₱604 in private health and social work.

Cost of Medical Care and Health Services: Highest in Mining and Quarrying

Mining and quarrying spent the most in medical care and health services estimated at ₱5,920 per employee in 2002, followed by financial intermediation at ₱5,602 and hotels and restaurants at ₱3,768. It is interesting to note that construction posted the lowest expenditures at only ₱358 from ₱413 four years ago.

* refer to payments in respect of absence from work due to sickness, maternity or occupational injury.

Highest Retirement and Termination/Separation Paid in Electricity, Gas and Water Supply

In 2002, the highest retirement and termination pay was paid by utilities establishments at ₱82,810 per employee. Financial intermediaries was a far second at only ₱15,405.

In the rest of the industries, payments varied from as low as ₱1,507 in real estate, renting and other business activities to as high as ₱9,759 in mining and quarrying.

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TABLE 1- ANNUAL EMPLOYER'S SOCIAL SECURITY EXPENDITURES PER EMPLOYEE IN NON-AGRICULTURAL ESTABLISHMENTS EMPLOYING 20 AND OVER, PHILIPPINES: 1998 AND 2002

(In Pesos.)

Major Industry Group	Total		Compulsory Social Security Contributions		Collectively Agreed Contractual and Non-Obligatory Contributions to Private Social Security Schemes and Insurance		Direct Payments by Employer to Employees Regarded as Social Security Benefits		Cost of Medical Care and Health Services		Retirement and Termination/ Separation Pay	
	1998	2002	1998	2002	1998	2002	1998	2002	1998	2002	1998	2002
Total	12,731	17,317	5,514	7,285	1,229	1,533	350	334	1,103	1,797	4,535	6,367
Mining and Quarrying	38,295	29,389	5,183	9,170	2,686	2,826	250	1,714	3,152	5,920	27,023	9,759
Manufacturing	11,823	13,877	4,965	6,849	732	1,668	408	370	1,036	1,443	4,681	3,547
Electricity, Gas and Water Supply	29,362	102,168	12,255	14,327	2,958	2,268	315	536	4,674	2,227	9,160	82,810
Construction	6,386	9,692	5,134	5,988	305	171	200	335	413	358	335	2,840
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	10,744	12,517	5,038	6,543	1,544	1,628	291	245	533	900	3,339	3,200
Hotels and Restaurants	6,094	13,718	4,266	7,086	347	370	287	144	427	3,768	766	2,350
Transport, Storage and Communications	21,580	20,267	6,074	7,349	1,888	2,388	199	442	1,488	2,428	11,931	7,661
Financial Intermediation	30,364	34,783	7,958	10,912	6,549	2,701	1,195	163	3,175	5,602	11,486	15,405
Real Estate, Renting and Business Activities	6,923	10,267	4,761	6,778	601	1,043	133	257	424	682	1,003	1,507
Private Education Services	10,161	12,489	6,297	7,034	817	822	189	353	411	720	2,447	3,559
Private Health and Social Work	10,115	15,541	5,021	7,056	225	1,274	580	604	2,520	3,702	1,769	2,905
Other Community, Social and Personal Service Activities	10,423	15,281	5,650	6,908	963	1,324	237	123	1,223	3,403	2,351	3,523

Source of data: Bureau of Labor and Employment Statistics, 2002/2003 BLES Integrated Survey and 1998 Labor Cost Survey.