

Labour Costs, methodological issues

Hours paid for holidays and sickness leave

Case of legislation in Norway



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LCS in Norway

- **Survey**
 - Covers 75% of the employees
 - Section B-S except O
- **Dynamic web questionnaire**
 - 23 questions on 6 pages
 - Integrated logic controls
- **Administrative sources only used as additional information**
 - Minimal data on hours worked and hours paid

Measuring hours – a well known problem

- 8 detailed questions asked to calculate both hours worked and hours paid
- From the complete questionnaire there was generated a calculation back to each respondent in line with national legislation

Theoretical hours (Q16)

- + Paid overtime (Q17)
- Holidays (Q18)
- Strike/lockouts (Q21)
- Sickness leave where the employer doesn't pay the sick pay (Q22 - 23)

= Hours paid

- Public holidays (Q19)
- Paid leave of absence (Q20)
- Sickness leave where the employer pays the sick pay (Q23)
- + Unpaid overtime

= Hours worked

- Hours for holidays and long-term sickness are not hours paid

Measuring hours – Holidays

- Holiday is a statutory right for all employees
- Wage is not paid when employees are on holiday
- By law the holidays are defined equal to unpaid time off work
- But in stead of wage they are given holiday pay

Measuring hours – Holidays

- Holiday pay is earned, and deposited for, by each employee the year before the holidays, and paid the following year
- If you quit the job the holiday pay is given the day you leave
- If you start a job in year t , you will not receive any Holiday pay for the the year t (even though one has the right to take several weeks of holiday, which will be totally unpaid)

Measuring hours – Holidays

- The Holiday pay is a labour cost
- Nationally, the hours of absence from holidays are not paid hours
 - is this approach in line with the EU definition?
- A special case for Norway only?

Measuring hours – Sickness leave

- In case of sickness, most employees have a right to be compensated
- Wage is not paid when employees are absent due to sickness
- Instead of wage they are given sick pay
 - compensation for loss of income

Measuring hours – Sickness leave

- The legislation on sickness leave differ
 1. for the sickness period of up to 16 calendar days
 2. the sickness period from day 17 and further
- 1.
 - The sick pay is definitely a labour cost for the first 16 calendar days of sickness absence
 - The hours due to sickness leave are considered as hours paid for the first 16 calendar days of sickness absence

Measuring hours – Sickness leave from day 17

2.

- From day 17 and further on, the Norwegian Labour and Welfare Service is responsible for the sick pay
- The employees are neither working nor being paid at a reduced rate, in fact they are not being paid any wages at all by the employer.
- The employee is however still employed and the employers do have a few current liabilities to pay during this period of absence due to sickness.

Measuring hours – Sickness leave from day 17

- Nationally, the hours due to sickness leave from day 17 and further on are not considered as hours paid
 - is this approach in line with the EU definition?
- A special case for Norway only?

The EU definition

- **PAID HOURS** (C-variables) cover the total number of hours paid during the year; these include: normal and overtime hours paid for during the year, irrelevant the rate of pay (flat rate / double / reduced rate) **as well as hours not worked during the reference period but nevertheless paid** (these include absence due to holidays, sickness, public holidays and others which employees **were paid for**, including time taken off for medical examinations, births, weddings, funerals, moving house, etc).
- On the other hand, **HOURS WORKED** (B-variables) cover the total number of hours worked by all employees spent on direct and ancillary activities to produce goods and services. These include hours worked during normal periods of work, periods of paid overtime irrespective of the hourly pay applied, periods of unpaid overtime and time spent on tasks such as: work and site preparation; preparing, maintaining, repairing and cleaning tools and machines; making out receipts and invoices; writing up work cards and reports, etc.,
- Hours worked exclude: hours paid but not worked (paid holidays/vacation, public holidays, absence due to sickness, maternity leave, etc.), hours not worked (whether paid or not) during special leave for medical examinations, marriages, funerals etc., lunch breaks, hours spent on labour-disputes (even is paid for) time spent by the employee travelling between home and place of work