

EN

EN

EN



EUROPEAN COMMISSION

Brussels, 9.2.2010
COM(2010)46 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on the implementation of Council Regulation (EC) No 577/98

SEC(2010)115

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation of Council Regulation (EC) No 577/98

1. INTRODUCTION

This is the fourth in a series of three-yearly reports that the Commission is required to submit under Article 7 of Council Regulation (EC) No 577/98 on the organisation of the labour force sample survey in the Community¹ (hereinafter referred to as 'LFS legislation'). The first report was submitted by the Commission in 2000 and covered the period 1998-1999, the second was submitted in 2003 and covered the period 2000-2002, and the third one was submitted in 2006 and covered years 2003-2005.

The present report documents the progress made by Member States, Candidate² and EFTA countries (hereinafter referred to as participating countries) in 2006 and 2007³ with respect to the provisions of Council Regulation (EC) No 577/98 as amended by Commission Regulation (EC) No 2104/2002⁴ and by Regulation (EC) of the European Parliament and of the Council No 2257/2003.⁵ In particular, Regulation (EC) No 2257/2003 introduced some innovations within the LFS legislation from 2006 onwards, which included the following:

- six additional survey characteristics;
- mandatory inclusion of module 'n' on atypical working times, which hitherto had been surveyed on the basis of a gentlemen's agreement;
- distinguishing between core variables, which should be surveyed on a quarterly basis, and structural variables, which need to be surveyed only as annual averages and for which a sub-sample of the full yearly sample can be used.

2. MAIN POINTS

The progress made in implementing specific aspects of the LFS legislation described in the previous paragraph is summarised below. The assessments presented in this report are based upon quality reports, data and other information received from the countries concerned, in addition to analyses of the national questionnaires.

¹ OJ L 77, 14.3.1998, p. 3.

² The Former Yugoslav Republic of Macedonia is, for the first time, also covered by this report. In some tables the abbreviation MK is used. This is a provisional code which does not prejudice in any way the definitive nomenclature for this country, which will be agreed following the conclusions of negotiations currently taking place on this subject at the United Nations.

³ Due to delays in submitting the 2008 quality reports, and in the light of the transition in the NACE classification, it was decided not to include 2008 in the present report.

⁴ OJ L 324, 29.11.2002, page 14.

⁵ OJ L 336, 23.12.2003, page 6.

2.1. Implementation of continuous quarterly surveys — Article 1

Further improvements have been made in the implementation of the continuous survey and in the production and dissemination of quarterly results. In particular, in 2007 Luxembourg started producing quarterly results and Croatia moved to a continuous survey. Only Turkey and Switzerland still do not have a continuous survey. Turkey, however, produces quarterly results, while Switzerland plans to introduce a continuous survey in 2010.

In 2007 all participating countries conducting a continuous survey except Bulgaria complied with the requirement of covering all weeks of the year. This marks an improvement for Hungary,⁶ Slovenia and Romania, which until 2005 had only a partial coverage, and Croatia, as a result of introducing the continuous survey in 2007.

On the other hand, little or no progress has been achieved by Luxembourg, Slovenia, Hungary, the Netherlands and Germany as regards a uniform distribution of the reference weeks throughout the year, as these countries still largely deviate from it.

2.2. Units and scope of the survey — Article 2

Participating countries still adopt different concepts of resident population, some based on the length of stay, others based on the legal status, which usually involves administrative registration in population lists.

As regards the coverage of the national economic territory, France still does not comply as the *départements d'outre-mer* (DOM) are not covered in quarters 1, 3, and 4. However, work is ongoing to achieve full coverage by 2013.

A further aspect concerning geographical comparability is that different national practices are in place for collective households. They concern the degree of coverage of the institutional population in the sample (full, partial or none), the methods of collecting information (directly sampling institutional households or via the private household with which people in collective households maintain relations) and their inclusion in or exclusion from the target population when calculating the survey weights. Several countries inconsistently do not cover collective households in the sample but gross up the sample to the total population (Belgium, Ireland, Latvia, Malta, Romania, Slovenia and Switzerland), or — alternatively — survey persons living in collective households but only consider the population in private households for the purposes of calculating the survey weights (Lithuania).

Of the six countries that sample individuals, only Denmark and Finland provide Eurostat with household information using a sub-sample. In the case of Denmark, however, the sub-sample is far from complete. On the other hand, Sweden, Norway, Iceland and Switzerland send no household data. Denmark and Sweden recently committed to provide household data fully in line with the regulatory framework from 2010 onwards, while Norway will need more time.

⁶ Although formally covering all the weeks of the year, Hungary still carried out a very limited number of interviews with reference to the last week of each quarter.

2.3. Precision requirements — Article 3(1) (2) ⁷

As regards the precision requirement in Article 3(1), the threshold of an 8 % relative standard error for an estimate of unemployment equal to 5 % of the working age population was exceeded both in 2006 and 2007 in 35 NUTS II regions out of the 288 (292 in 2007) with more than 300 000 inhabitants. These regions are located in France (10 regions), United Kingdom (8), Greece (5), Poland (5), Romania (3), Portugal (2), Bulgaria (1) and Belgium (1). In France, however, work is ongoing to redesign the labour force survey, including a gradual increase of the sample size which, from the beginning of 2011, should make it possible to meet the requirement. Poland, for its part, gradually increased the sample size of regions not in line with Article 3.1 on average by 7 % in 2008 and 2009.

As concerns the precision requirement in Article 3(2), Germany, Poland and Romania failed to meet the threshold of a 2 % relative standard error for change between two quarters of an estimate equal to 5 % of the working age population, set for countries with 20 million inhabitants or more. In order to comply with the requirement, Poland has planned to double the sample size from 2010. For Belgium, Bulgaria, Denmark, Estonia, Latvia, Lithuania, Slovenia and Croatia, the relative standard error was over 3 % — the figure set as a threshold for countries with a population between 1 and 20 millions.

2.4. Survey characteristics — Article 4.1

A general improvement in the completeness of datasets has been observed since the last report, for instance with regard to variables in module ‘a’ on demographic background or module ‘f’ on visible underemployment. The six new characteristics introduced by Regulation (EC) 2257/2003 were fully implemented by most countries in 2006.⁸ However, some participating countries are still not providing some (and in a few cases full sub-sets) of the mandatory variables. Ireland is still not sending correct data on household compositions and on respondents’ nationality. Nevertheless, efforts to align to the LFS legislation have been stepped up in autumn 2009 and a satisfactory solution can be expected by the end of the year.

2.5. Ad hoc modules — Article 4.2

An ad hoc module on transition from work into retirement and another on accidents at work and work-related health problems were scheduled for the years 2006 and 2007 respectively.

All the participating countries carried out both ad hoc modules, except for Croatia and Iceland in 2006, and Turkey, the Former Yugoslav Republic of Macedonia and Switzerland in both years.⁹ Initial data were generally sent on time, with the exception of Ireland for 2006 and Denmark, France, Iceland and Norway for 2007. However, often several retransmissions were needed to obtain a correct dataset. Some countries deviated from the due reference period, which was set either as the whole year or the second quarter. For the 2007 module, the United

⁷ Precision requirements as stated in article 3(1) (2) of Council Regulation (EC) 577/98 leave room for interpretation. In addition, they refer to a theoretical situation which hardly occurs in practice. Their assessment thus necessarily relies upon ad hoc hypotheses. Consequently, it should not be seen as providing conclusive proof of compliance but only as showing circumstantial evidence of deviations from the requirements.

⁸ Ireland introduced four new characteristics in 2007, but one is still missing. Finland and Norway implemented some of them in 2008, while Switzerland will do so in 2010.

⁹ Turkey carried out the 2007 ad hoc module, but did not send the results to Eurostat.

Kingdom used quarter 1 as a reference period, while the Netherlands and Austria spread the sample over more than one quarter, but did not cover the whole year.

2.6. Definition of unemployment and the twelve principles for formulating questionnaires — Article 4(3)

In 2006 and 2007, eight countries — Italy, Luxembourg, Latvia, Hungary, Romania Slovakia, Croatia and Norway — changed their questionnaires to better align with the definition of unemployment as laid down in Commission Regulation (EC) No 1897/2000.¹⁰ By the end of 2007, Denmark, France, Italy, Latvia, Austria, Romania, Norway and Switzerland were fully compliant. Most problems in the deviating countries still related to the reference period for the availability to start work (Belgium, Bulgaria, Czech Republic, Greece, Ireland, Cyprus, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Poland, Slovenia, Finland, Croatia, the Former Yugoslav Republic of Macedonia, Turkey, Iceland) and follow-up questions to check the employment status of lay-offs (Bulgaria, Czech Republic, Germany, Luxembourg, Netherlands, Portugal, Slovakia, Sweden, United Kingdom, Croatia, Iceland). Spain, United Kingdom and Iceland set the lower age limit at 16, whereas Estonia, Ireland, Slovenia and the Former Yugoslav Republic of Macedonia did not correctly test for persons not looking for work because they had already found a job.

In 2006 and 2007, several countries changed their questionnaires to achieve a closer alignment with the twelve principles for formulating the questionnaire. However, in 2007 only principles 8 and 11 were respected by all participating countries.

Most deviations still concerned:

- tests for job attachment of lay-offs (principle 2),
- the question on job search, not specifying that a search for minor jobs also has to be considered (principle 3),
- specification of reference periods for employment, job search and job search methods and for current availability to start working (principle 6),
- the specification that contact with a public employment office as an active job search method is distinct from the renewal of a registration to claim unemployment benefits and from the assistance provided by the employment office to improve the employability of the registered unemployed person (principle 10).

Ireland, Malta and Croatia still started with questions on main status, in violation of principle 1. The Netherlands used the current situation as a reference period for employment, thus departing from principle 6, and addressed questions on job search only to those expressing willingness for work, which runs counter to principle 7.¹¹ Four countries — Spain, Austria, Romania and Sweden — fully respected all the principles.¹²

¹⁰ OJ L 228, 8.9.2000, p. 18.

¹¹ The Netherlands is currently undertaking work to fully align with principles 6 and 7.

¹² Recently, a Task Force on the quality of the Labour Force Survey, which was coordinated by Eurostat, recognised that there is room for clarifying some of the principles. It therefore recommended having the twelve principles reviewed by a group of experts set up by Eurostat.

Several countries changed their questionnaire after 2007, or planned to do so in the coming years, to comply with the definition of unemployment or to fully observe the twelve principles (see Table 15). Lithuania has committed to be in line in both respects from 2010.

2.7. Structural variables — Article 4.4

Seven countries, namely Spain, Germany, France, the Netherlands, Finland, the United Kingdom and Norway, made use of the option to survey structural (yearly) variables on a sub-sample of the full yearly sample in 2006 and 2007. However, only Spain used a sub-sample for nearly all of the 42 structural variables. The Netherlands, United Kingdom and Norway used the option for about half of them, while Finland, Germany and France used it for a very limited number of yearly variables. Some countries did not ensure consistency of totals between the yearly sub-sample and the annual average of the quarterly results. In addition, and probably due to initial technical difficulties in using a sub-sample, yearly weights were generally delivered rather late for the year when the sub-sample was introduced, which prevented the timely dissemination of the yearly results.

2.8. Transmission of results — Article 6

Nearly all participating countries sent their initial data within the 12-week transmission deadline. Often, however, time-consuming retransmissions were necessary. When it came to meeting the deadline for sending correct files, only Spain and Portugal always delivered microdata in time for all quarters of 2006 and 2007, while Malta, Croatia, the Former Yugoslav Republic of Macedonia and Iceland were late for all transmissions both years, while Belgium, Ireland, Italy, Turkey and Switzerland¹³ were late for all 2006 deliveries.

3. CONCLUSIONS

Overall, in the period under consideration, participating countries made good progress towards fuller compliance with the LFS legislation. National surveys have been adapted both to take into account modifications in European Union legislation and to comply with the requirements already in place at the time of the previous Report and from which there were national deviations. The quality of both the national and community labour force surveys as a whole has thus been improved, especially in terms of relevance, accuracy, geographical comparability and timeliness.

All Member States now carry out a continuous survey providing quarterly results, and almost all of them cover all the weeks of the year. The relevance of the Community labour force survey was improved by implementing the six new characteristics, by reducing the number of mandatory variables not provided and by having two additional countries send microdata to Eurostat. Cross-country comparability was enhanced, as several countries revised their questionnaires to achieve compliance with the definition of unemployment and to increase consistency with the twelve principles for the questions on labour status. The accuracy of many national surveys benefited from improved design and organisation — for example through increased sample size, more efficient rotation schemes, enhanced weighting system or by the adoption of computer-assisted modes which replace paper questionnaires. With a few exceptions, timeliness of data delivery has also improved.

¹³ The Former Yugoslav Republic of Macedonia and Turkey started data transmission with the 2006 datasets. Switzerland, carrying out an annual survey, only transmitted one dataset.

Additional improvements are already in the pipeline at both national and European level. A further push to improve the quality of the Community labour force survey can be expected in the coming years, with the implementation of the 43 recommendations of the Task Force on the Quality of the Labour Force Survey.¹⁴

However, there were still deviations from a full implementation of the LFS legislation. The main concerns for the Commission in this regard are mentioned below.

First data transmissions were sometimes not of sufficient quality for dissemination, and several revisions were needed before an acceptable version was sent. This had a negative impact on the timeliness of data dissemination and prevented the introduction of a Labour Force Survey release calendar, which would be highly appreciated by users and would further increase the relevance of the survey.

So far, despite progress since the previous report, most countries neither yet fully comply with the definition of unemployment nor yet fully observe the twelve principles for the formulation of questions on labour status. This reduces the geographical comparability of the key estimates relating to employment and unemployment. Geographical comparability is also influenced by the use of different concepts and practices, e.g. as regards the resident population or the coverage of institutional households.

Although it is not possible to provide clear conclusions on compliance with the precision requirements (see footnote 7), evidence from the assessment presented in this report is that the efforts made so far have not always been sufficient to produce fully reliable estimates. Some countries still have to adjust their survey design, e.g. by increasing the sample size or by adopting adequate rotation patterns, so as to significantly improve the precision of estimates either at regional level or of changes between quarters.

Few countries have so far taken up the option of using a sub-sample to survey structural variables, which was intended as a major tool to reduce the response burden.

As regards ad hoc modules, coverage and respect of the deadline for data transmission were satisfactory. The Commission will continue working closely with the Member States to ensure that they achieve full compliance with the LFS legislation. Eurostat conducts compliance monitoring on a regular basis. Where non-compliance is detected, appropriate action is taken by the Commission.

¹⁴ The final report of the Task Force is available on request.