

Wage Rate Index

Year 2004

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WAGE RATE INDEX - 2004

1. Introduction

This issue of 'Economic and Social Indicators' presents the wage rate index for year 2004. It is the twelfth of the series published annually by the Central Statistics Office since 1993.

The index, having year 2000 as base, is computed from wage data collected through the Survey of Employment, Earnings and Hours of work carried out in September 2004 among a sample of large establishments, that is, those employing 10 or more persons. Weights used are according to the occupational structure of the working population at the 2000 Population Census and distribution of earnings in large establishments at March 2000. The methodology used is described at Annex.

The wage/salary rates of specific occupations, used in the calculation of the index, are the rates paid for normal time work, comprising basic wages and salaries, cost of living allowances, and other guaranteed and regular allowances paid at the end of each pay period. Overtime payments are therefore excluded.

Current estimates are subject to revision in later issues, as additional information becomes available.

2. Index 2004

2.1 *Wage rate index by industry*

The overall wage rate index, which stood at 122.7 in September 2003, rose by 8.0 points (or 6.5%) to reach 130.7 in September 2004.

The wage rate indices for the major industry groups are shown in Table 1 while percentage changes from 2003 to 2004 are given in Table 2. A general upward movement is noted in the indices of all industry groups. The index for 'Manufacturing, mining & quarrying', which carries 23.1% of the total weight, went up by 6.0% to reach 129.8, and that of 'Public administration and defence; compulsory social security', carrying 17.3% of the total weight, increased by 5.6% to 127.2.

The highest increase of 10% was registered in the wage rate indices of both 'Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods' and 'Education'. The indices for these industry groups in 2004 were 135.0 and 134.6 respectively.

The smallest change is noted in the industry group 'Hotels and restaurants', whose index increased by 2.1% to reach 130.9 in 2004.

2.2 Contribution of the industry groups to the index

The contribution of the industry groups to the overall index is shown in Table 3. The main contributors to the increase of 8.0 points in the overall index were: 'Manufacturing, mining & quarrying' (1.7 points), 'Public administration and defence; compulsory social security' (1.2 points), and 'Education' (1.1 points). Each of the three industry groups 'Agriculture and fishing', 'Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods' and 'Transport, storage & communications' contributed 0.8 point to the index. Contributions of the remaining industry groups ranged from 0.1 to 0.5 point.

2.3 Wage rate index by sector

The wage rate index in the General Government sector, which comprises the Central Government and the Local Government, increased by 7.2 points (or 5.9%) to reach 130.1 in 2004. The sector, which accounts for around one third of the total weight, contributed 2.2 points to the increase of 8.0 points in the overall index.

The wage rate index in the EPZ sector stood at 131.5 in September 2004, that is, an increase of 8.6 points (or 7.0%) over the 2003 figure of 122.9. The contribution of the EPZ sector to the overall increase was 1.3.

3. Comparison with previous indices

Table 4 gives a series of wage rate indices since 1993. Indices for the year 1993 to 2000 have been computed using September 1992 as base. As from 2001, the index has been worked out with September 2000 as base.

The two series are not strictly comparable since they are based on different weighting patterns. However, for some particular purposes, users may want to compare the old indices with the new ones. A crude method of converting an index from the new base to the old base is by multiplying the new index by the 1.994. Conversely, an index on the old base can be converted to the new base by dividing the old index by 1.994.

The conversion factor (1.994) is obtained as the ratio of the wage rate index of year 2000 on old base (199.4) to wage rate index of year 2000 on new base (100.0).

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Table 1 - Wage rate index by industry group, 2003- 2004
(Base : September 2000 = 100)

Industry group	Weights	Index 2003	Index 2004
Agriculture and fishing	92	123.8	132.6
Manufacturing, mining & quarrying	231	122.5	129.8
Electricity and water	18	137.1	144.5
Construction	49	130.9	134.4
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	68	122.7	135.0
Hotels and restaurants	47	128.2	130.9
Transport, storage & communications	83	120.3	130.1
Financial intermediation	42	114.9	120.3
Real estate, renting and business activities	38	121.1	129.9
Public administration and defence; compulsory social security	173	120.4	127.2
Education	86	122.4	134.6
Health & social work	54	123.6	131.9
Other community, social and personal services	19	122.8	131.7
All sectors	1,000	122.7	130.7
<i>of which General Government</i>	<i>310</i>	<i>122.9</i>	<i>130.1</i>
<i>EPZ</i>	<i>147</i>	<i>122.9</i>	<i>131.5</i>

Table 2 - Annual percentage change in wage rate index by industry group, 2002 - 2003 and 2003 - 2004

Industry group	2002 - 2003	2003 - 2004
Agriculture and fishing	8.7	7.1
Manufacturing, mining & quarrying	8.8	6.0
Electricity and water	11.4	5.4
Construction	12.8	2.7
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	11.7	10.0
Hotels and restaurants	12.6	2.1
Transport, storage & communications	14.1	8.1
Financial intermediation	4.6	4.7
Real estate, renting and business activities	7.2	7.3
Public administration and defence; compulsory social security	16.3	5.6
Education	14.5	10.0
Health & social work	14.1	6.7
Other community, social and personal services	9.6	7.2
All sectors	11.6	6.5
<i>of which General Government</i>	<i>16.5</i>	<i>5.9</i>
<i>EPZ</i>	<i>10.4</i>	<i>7.0</i>

Table 3 - Contribution of industry groups to change in index, 2002 - 2003 and 2003 - 2004

Industry group	Percentage change	
	2002 to 2003	2003 to 2004
Agriculture and fishing	0.9	0.8
Manufacturing, mining & quarrying	2.3	1.7
Electricity and water	0.3	0.1
Construction	0.7	0.2
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	0.9	0.8
Hotels and restaurants	0.7	0.1
Transport, storage & communications	1.3	0.8
Financial intermediation	0.2	0.2
Real estate, renting and business activities	0.3	0.3
Public administration and defence; compulsory social security	2.9	1.2
Education	1.3	1.1
Health & social work	0.8	0.5
Other community, social and personal services	0.2	0.2
All sectors	12.8	8.0
<i>of which General Government</i>	<i>5.4</i>	<i>2.2</i>
<i>EPZ</i>	<i>1.7</i>	<i>1.3</i>

Table 4 - Wage rate index, 1993 - 2004

Year	Wage Rate Index		Annual percentage change
	Base : September 1992 = 100	Base : September 2000 = 100	
1993	115.5		15.5
1994	127.6		10.5
1995	136.6		7.1
1996	144.0		5.4
1997	160.7		11.6
1998	177.5		10.5
1999	191.0		7.6
2000	199.4	100.0	4.4
2001		105.0	5.0
2002		109.9	4.7
2003		122.7	11.6
2004		130.7	6.5

**Table 5 - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2003 - September 2004**

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2003 to 2004
		2003	2004	
Agriculture				
Sugarcane plantations	Overseer - Grade I	64.20	66.78	4.0
	Field worker (other than special category)	48.55	52.48	8.1
Tea plantations	Field worker	26.44	24.99	-5.5
	Sirdar/Gangman	36.91	34.20	-7.3
Manufacturing				
Poultry & other meat	Farm worker	34.26	34.66	1.2
	Factory worker	30.61	30.11	-1.6
Biscuits & confectionery	Machine operator	29.16	32.25	10.6
	Factory worker	18.52	20.91	12.9
Sugar	Fitter - Grade I	44.75	46.31	3.5
	Welder - Grade I	49.00	49.50	1.0
	Motor mechanic (Heavy Mechanical Unit)	45.13	50.40	11.7
	Factory operator - Grade I	37.61	39.38	4.7
Tea	Factory worker	26.36	27.67	5.0
	Factory operator	29.09	30.23	3.9
Soft drinks	Beverage machine operator	31.29	29.63	-5.3
	Driver/Salesman	55.43	65.64	18.4
	Lorry helper	37.73	37.94	0.6

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2003 - September 2004**

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2003 to 2004
		2003	2004	
Textiles (excluding wearing apparel)	Factory worker	22.52	23.94	6.3
	Cleaner/Helper	18.46	19.44	5.3
	Machine operator	27.39	28.11	2.6
Wearing apparel (excluding footwear)	Machine operator	23.35	25.23	8.1
	Weaver/Knitter	25.33	28.87	14.0
	Cleaner/Helper	20.51	21.05	2.6
Leather products	Machine operator	24.83	31.32	26.1
Footwear	Shoemaking machine operator	30.00 ²	27.66	-7.8
Paper products	Machine operator	31.89	33.67	5.6
Printing & publishing	Reporter/Journalist	131.69	136.56	3.7
	Photo-type setting operator	59.38	65.21	9.8
Chemical products	Mixing/Blending machine operator	51.85	51.12	-1.4
	Cleaner/Helper	31.64	33.29	5.2
Rubber products	Machine operator	33.05	33.64	1.8
Plastic products	Machine operator/Factory operator	27.81	28.64	3.0

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2003 - September 2004**

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2003 to 2004
		2003	2004	
Basic metals	Machine operator	35.77	38.34	7.2
	Factory worker	33.87	38.21	12.8
Fabricated metal products	Factory worker	43.30	49.21	13.6
Electrical machinery & apparatus	Technician	29.54	31.00	4.9
	Electrician	37.53	38.20	1.8
Furniture (wooden)	Cabinet Maker/Varnisher	40.66	37.27	-8.3
Jewellery & related articles	Diamond cutter/Polisher	28.98	28.01	-3.3
Electricity	Lineman	77.36	81.01	4.7
	Power generating machine operator	80.79	88.01	8.9
	Meter reader	100.59	107.95	7.3
Water	Meter reader	68.76	74.05	7.7
	Tradesmen/Assistant tradesman	56.33	61.47	9.1
	Labourer/Unskilled worker	42.39	40.38	-4.7
Construction	Mason - Grade I	46.82	47.25	0.9
	Carpenter - Grade I	42.24	47.04	11.4
	Labourer/Helper	28.59	32.52	13.7
Wholesale, retail trade, repair of motor vehicles				
Wholesale trade	Salesperson/Sales representative	99.66	115.23	15.6

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2003 - September 2004**

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2003 to 2004
		2003	2004	
Retail trade	Salesperson	45.50	47.56	4.5
Repair of motor vehicles	Garage mechanic - Grade I	39.36	35.36	-10.2
	Panel beater - Grade I	36.78	33.99	-7.6
Hotels				
	Receptionist	39.36	40.24	2.2
	Waiter	31.31	32.07	2.4
	Cook	44.40	44.50	0.2
	Maid/Servant	33.96	34.54	1.7
Transport, storage & communication				
Bus Transport	Bus driver	41.57	42.84	3.1
	Bus conductor	36.84	38.10	3.4
Communication	Telephone installer/Servicer	71.14	76.00	6.8
	Telephone operator	104.53	112.29	7.4
	Telecom technician	119.36	124.73	4.5
Financial intermediation				
Banks	Bank teller	82.59	80.93	-2.0
	Clerk/Senior clerk	106.18	121.67	14.6
	Messenger	52.95 ²	52.83	-0.2
Insurance	Insurance clerk	58.37	62.47	7.0
	Clerk/Senior clerk	82.00	89.77	9.5

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2003 - September 2004**

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2003 to 2004
		2003	2004	
Real estate, renting and business activities				
Accounting & auditing services	Accountant/Auditor	193.00	210.52	9.1
	Accounts clerk	39.26	40.83	4.0
Architectural & engineering services	Draughtmans	87.96	92.19	4.8
	Engineers	169.53	192.59	13.6
Private education services				
	Pre-primary education teacher	43.34	51.18	18.1
	Primary education teacher	127.77	134.68	5.4
	Education officer	137.78 ²	160.89	16.8
	Cleaner/Caretaker	37.99	41.52	9.3
Private health services				
	Qualified/Professional nurse	52.36	59.36	13.4
	Nursing aid	28.55	30.65	7.4
Cleaning Services				
	Office/Building cleaner	18.81	19.82	5.4
	Scavenger/Garbage collector	21.17	21.21	0.2

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

**Table 6 - Average wage/salary per month of selected occupations in General Government,
September 2003 - September 2004**

Occupation	2003 (Rs)	2004 (Rs)	Change (%) 2003 to 2004
Ministries/Departments			
Medical and Health officer	32,427	36,672	13.1
Education officer	19,546	20,395	4.3
Nursing officer	12,916	13,474	4.3
Teacher/Senior teacher	13,917	14,929	7.3
Clerical officer/Higher clerical officer	9,969	10,521	5.5
Police constable	11,180	11,349	1.5
Mason	9,806	10,403	6.1
Carpenter	10,274	10,509	2.3
Driver	9,293	9,775	5.2
Hospital servant	8,536	8,946	4.8
Labourer	7,665	8,072	5.3
Municipalities/District Councils			
Inspector/Assistant Inspector (Health)	12,802	13,328	4.1
Clerical officer	9,219	9,807	6.4
Gardener	7,837	8,289	5.8
Mason	9,551	10,081	5.5
Carpenter	9,178	9,636	5.0
Driver	8,592	9,250	7.7
Refuse collector	7,071 ¹	7,262	2.7
Labourer	6,716	6,917	3.0

¹ Revised

Methodology used for the computation of the Wage rate index

1. Approach adopted and limitations.

Ideally to show genuine changes in the price of labour, it would have been necessary for wages of specific individual workers at specific establishments to be measured over time. Since this is practically impossible, the next best approach has been adopted, that is, to follow changes in the wages of groups of employees performing the same jobs. This gives a measure of changes in wage rates of specific occupations.

The following limitations as regards the approach adopted are to be noted:

- (i) any change in the mix of employees within the selected occupations is bound to affect the calculated rates and hence the corresponding sectoral indices. Such changes can occur, for example, with a new intake of employees in a specific group - when the wages of the new recruits pull down the average wages for the whole group from one period to the next.
- (ii) wage adjustments resulting from changes in the tasks associated with a particular occupation, which cannot be separated from pure price changes.
- (iii) it is difficult to separate the effects of productivity from the overall change.

2. Index calculation

A Laspeyres type fixed base-weighted formula is used, where the occupational structure is held constant with reference to base year 2000. The changes in average wage rates are measured at the occupational level and the magnitude of these changes are then weighted to give a combined measure of the change for a given industry group. The following formula is used

$$I_t = \frac{\sum W_i (R_{it} / R_{io})}{\sum W_i} \times 100$$

where I_t = index for year t compared to base year o for a given industry
 W_i = weight of occupation i
 R_{io} = wage rate of occupation i in base year o
 R_{it} = wage rate of occupation i in year t

The aggregate indices for industry groups at higher level of classification or for all economic activities as a whole, are computed by taking a weighted average of the individual industry group indices.

3. Weightings

- (i) Census 2000 data on employment by occupation and wage rates at base year are used to determine the weighting pattern of occupations (W_i) for given industry groups.
- (ii) Distribution of earnings by industry group obtained at the March 2000 Survey of Employment and Earnings in large establishments is used as weights in the computation of aggregate indices for higher levels of industry groups or for all economic activities.