

**Quarterly Labour Cost Survey  
Fourth quarter 2007**

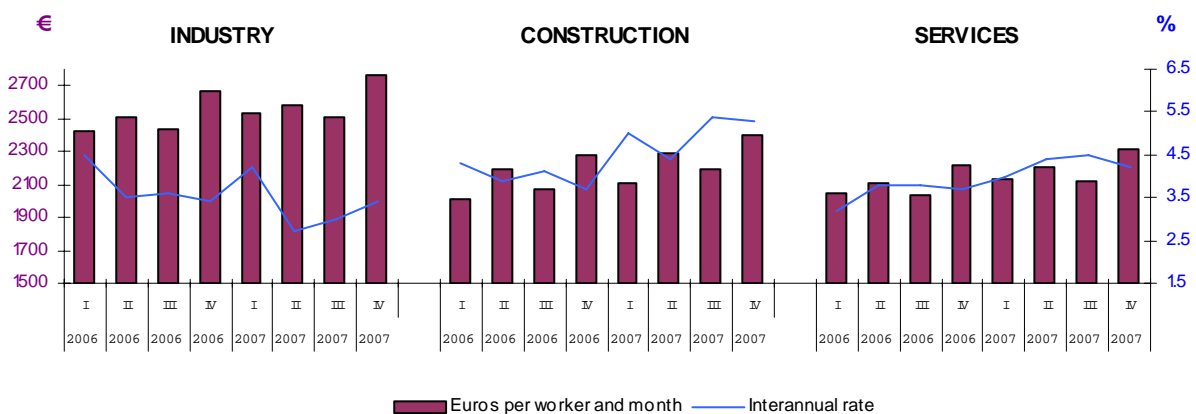
**The Labour Cost for companies increases 4.1% during the fourth quarter with respect to the same period in 2006**

**The interannual rate of the Wage Cost increases 3.7%, whereas Other Costs increase 5.3%**

**The average Labour Cost per employee and month was 2,405.51 euros for the fourth quarter of 2007, indicating a 4.1% growth as compared with the same period of the previous year.**



**By activity sector, the highest Labour Cost was registered in Industry, with an average Total Cost of 2,763.20 euros per employee and month (3.4% more than in the fourth quarter of 2006), followed by Construction, with 2,397.01 euros (5.3% more), and Services, with 2,313.07 euros (4.2% higher than the same period in 2006).**



## The Labour Cost per hour actually worked increases 4.5%

Labour Costs per hour actually worked increased 4.5% in the fourth quarter of 2007. This increase, which exceeded that of Labour Costs per employee, was the result of the 0.4% drop in the number of hours worked during said quarter.

The hours worked decreased in all activity sectors as compared with the fourth quarter of 2006 (0.3% in Industry, 0.8% in Construction and 0.2% in Services). This behaviour in terms of hours worked gave rise to increases in Cost per hour worked of 3.8% in Industry, 6.1% in Construction and 4.4% in Services.

### National results

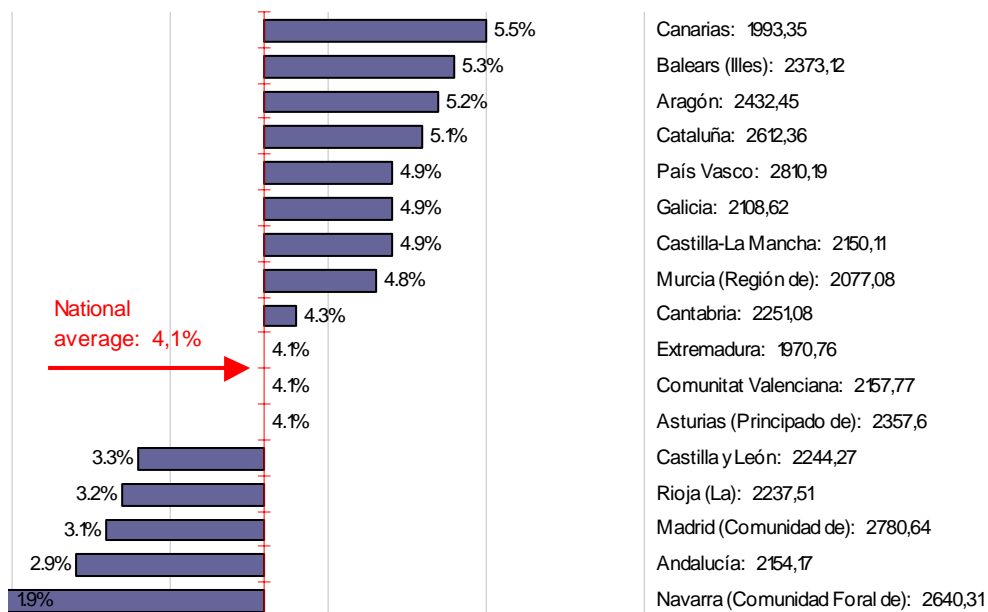
	Labour cost per worker and month			Labour cost per effective hour		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	2,405.51	136.8	4.1	18.01	143.4	4.5
Industry	2,763.20	139.6	3.4	19.84	145.5	3.8
Construction	2,397.01	146.8	5.3	16.80	155.0	6.1
Services	2,313.07	136.1	4.2	17.76	142.2	4.4

<sup>1</sup> Same quarter previous year

## País Vasco has the highest Labour Cost per employee and month

By Autonomous Community, the highest Labour Costs corresponded to País Vasco (2,810.19 euros per employee and month), Comunidad de Madrid (2,780.64 euros), and Comunidad Foral de Navarra (2,640.31 euros). On the other hand, Extremadura (1,970.76 euros), Canarias (1,993.35 euros) and Región de Murcia (2,077.08 euros) had the lowest costs.

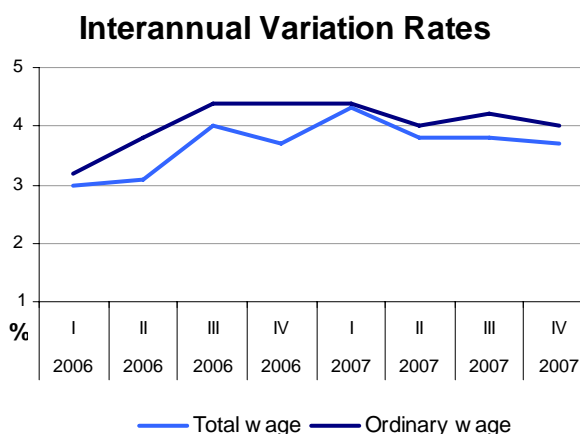
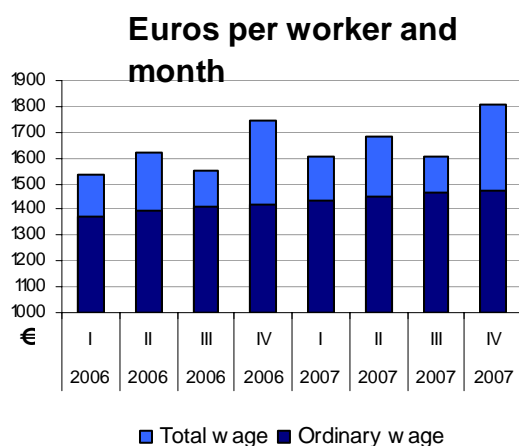
### Total labour cost: Interannual variation 4.1%



Regarding growth in Labour costs, Canarias (5.5%), Illes Balears (5.3%) and Aragón (5.2%) registered the largest increases, whereas Comunidad Foral de Navarra (1.9%), Andalucía (2.9%) and Comunidad de Madrid (3.1%) registered the most moderate increases.

## The Wage Cost increases 3.7%

**Average Wage Cost per employee and month was 1,807.87 euros** for the fourth quarter of 2007, indicating an increase of 3.7% with respect to the same period of the previous year. The wage (that is, without extraordinary or arrears) increased 4.0%. The three-tenth difference as compared with growth in Total Wages and Salary was due to the fact that extraordinary payments, which were of significance this quarter, had increased 0.6%.



By sector, the highest Wage Costs were registered in Industry, with an average gross salary per employee and month of 2,071.57 euros (2.8% more than in the fourth quarter of 2006), followed by Services (with 1,757.26 euros and a 3.8% growth) and Construction (1,712.63 euros and a 5.1% growth).

### Wage cost per worker and month

	Total wage cost		Ordinary wage cost	
	Euros	Rate (1)	Euros	Rate (1)
TOTAL	1,807.87	3.7 4	1,472.94	4.0
Industry	2,071.57	2.8 3	1,641.72	3.0
Construction	1,712.63	5.1 5	1,428.09	4.4
Services	1,757.26	3.8 4	1,437.37	4.3

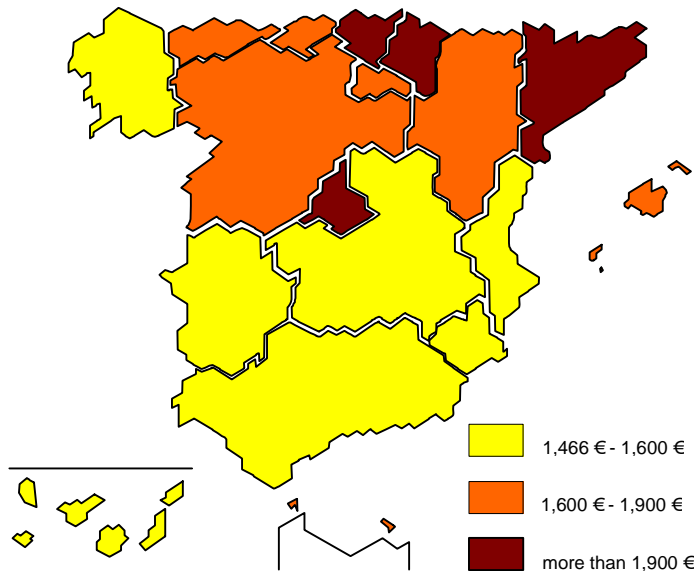
(1) Same quarter previous year

Whilst the impact of extraordinary and delayed payments was positive in Construction (0.7 points), in Industry and Services it was negative (by 0.5 points and 0.2 points, respectively). The largest growth in ordinary Salaries was recorded in Construction (4.4%), followed by Services (4.3%) and Industry (3.0%).

**By Community, the highest salaries** were registered in País Vasco (2,132.98 euros per employee and month), Comunidad de Madrid (2,117.53 euros) and Comunidad Foral de Navarra (2,009.78 euros). In contrast, Extremadura (1,466.52 euros), Canarias (1,470.61 euros) and Región de Murcia (1,554.76 euros) registered the lowest salaries.

As regards the growth of the total Wage Cost, Aragón (5.6%), Illes Balears (5.5%) and Canarias (5.4%) were the Communities that registered the largest increases. Comunidad Foral de Navarra and Andalucía (both 2.5%) and Comunidad de Madrid (2.8%) had the most moderate increases.

### Wage cost by worker and month



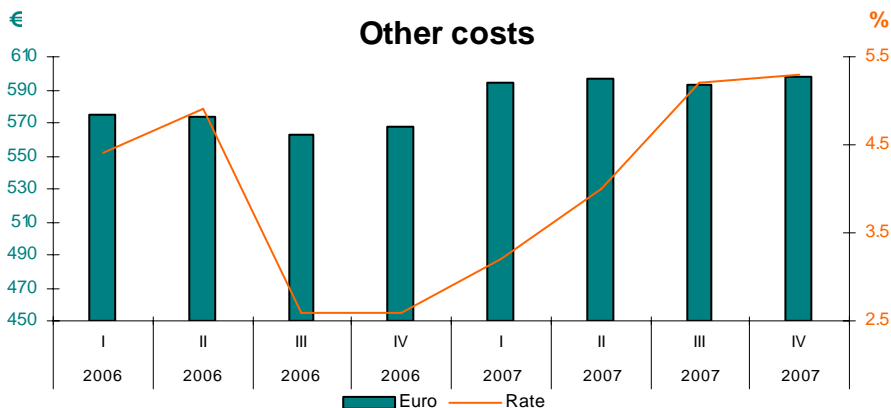
#### Interannual rate (%)

TOTAL	3.7
Andalucía	2.5
Aragón	5.6
Asturias (Principado de)	5.0
Balears (Illes)	5.5
Canarias	5.4
Cantabria	4.7
Castilla y León	3.0
Castilla-La Mancha	5.2
Cataluña	3.8
Comunitat Valenciana	3.2
Extremadura	4.0
Galicia	5.2
Madrid (Comunidad de)	2.8
Murcia (Región de)	5.2
Navarra (Comunidad Foral de)	2.5
País Vasco	4.8
Rioja (La)	3.2

### Other Labour Costs grow 5.3%

The average value of Other Labour Costs per employee and month was 597.64 euros. The most important component of Other Costs was **Statutory Social Security Contributions, which increased 4.2%**. The rest of the growth of Other Costs was due to the increase in **Non-Wage Payments**.

While Direct Corporate Contributions exhibited a moderate increase in Industry and Services, but decreased in Construction, Other Non-Wage Payments (compensatory payments, wear and tear of tools, compensation for relocations and end of contract, etc.) exhibited growth in all sectors. This behaviour led to growth in Other Costs of 5.6% in Construction, 5.5% in Services and 5.4% in Industry.



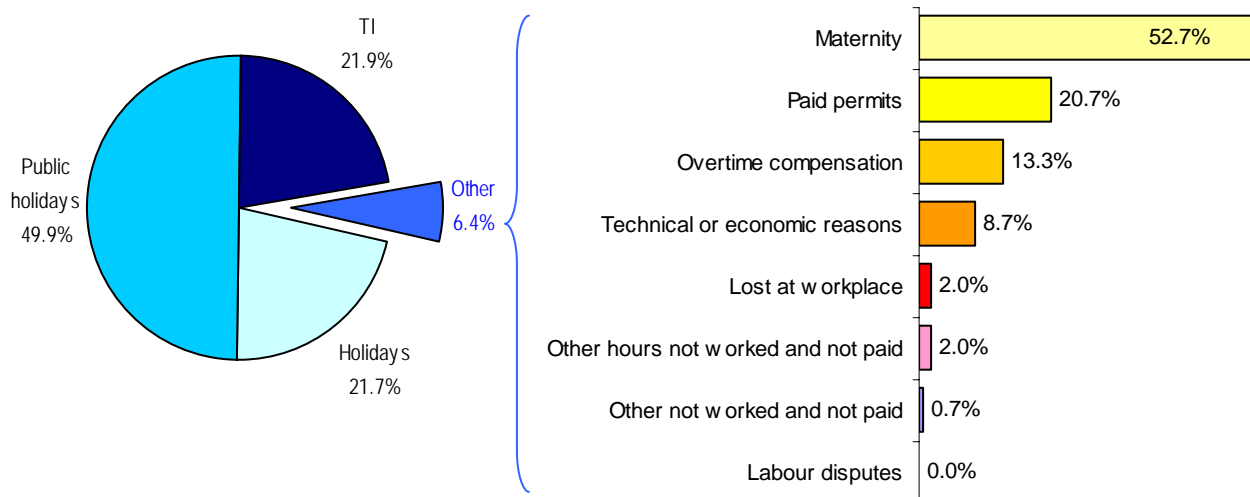
The Autonomous Communities whose Other Costs were the highest were País Vasco (677.21 euros per employee and month), Comunidad de Madrid (663.11 euros) and Cataluña (637.81 euros). The lowest values were registered in Extremadura (504.24 euros), Región de Murcia (552.32 euros) and Canarias (522.74 euros).

Regarding the growth of Other Costs, the Communities with the largest increases were Cataluña (9.4%), Comunidad Valenciana (6.8%) and Canarias (5.6%). On the other hand, Comunidad Foral de Navarra (0.1%), Principado de Asturias (1.4%) and Cantabria (3.0%) registered the smallest increases.

## Working Day

The Contractual Hours per employee and month were 156.4 for the fourth quarter of 2007. The number of Hours actually worked was 133.6 and hours not worked due to different reasons was 23.7. **Holidays and bank holidays represented 49.9% of the hours not worked in the fourth quarter.**

### Hours not worked



Full-time employees had 169.2 contractual hours, 144.4 hours actually worked and 25.8 hours not worked per month. Part-time employees had 87.7 contractual hours, 75.6 hours actually worked and 12.4 hours not worked per month.

By activity sector, **Construction registered the most contractual and hours actually worked for full-time employees, whereas the Services sector recorded the most contractual and hours actually worked for part-time employees.**

The Communities with the most hours actually worked were Castillay León, Comunidad de Madrid and Canarias. In contrast, Comunidad Foral de Navarra, País Vasco and Illes Balears registered the least hours actually worked.

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## **Labour Cost Index - Definitions**

### **Employee**

Any person linked to the production unit by means of an employment contract, regardless of the modality of said contract.

The employees considered in the survey are all those employees associated with the contributing account and for whom payment obligations have existed for at least one day in the reference month.

To calculate labour costs per employee, those active in the contributing account for less than one month are accounted for in proportion to the time during which they have been active in said account.

For the results obtained from labour costs and working day, employees are classified as full-time and part-time employees, according to their type of working day. Employees fulfilling the regular working day of the company in the activity in question are considered full-time employees. Employees fulfilling a working day shorter than the regular working day of the company in the activity in question, or in the event that no such "regular" working day exists, shorter than the maximum working day established by law, will be considered part-time employees.

### **Labour Cost**

It is defined as the total cost assumed by the employer for the usage of working factor. This includes Wages and Salaries plus Other Costs.

### **Wages and Salaries**

Wages and Salaries comprise all remunerations, both in cash and in kind, paid to employees for the performance of their work services for others, whether it rewards effective work, whatever the method of remuneration, or the rest periods accounted for as work

Wages and Salaries therefore include the base salary, salary supplements, overtime payments, extra payments and bonuses and arrears.

All components are considered in gross terms, i.e. before deductions or payments to Social Security on behalf of the employee.

### **Other Costs**

Other Costs include Non-Wage Payments and Statutory Social Security Contributions;

Non-Wage Payments are remunerations received by the employees not for their work activity, but rather as compensation for expenses incurred in the rendering of their work or to cover needs or situations of inactivity not attributable to the employee. They include direct corporate contributions (payments for temporary incapacity, unemployment, compensation for dismissal, etc.), and other non-wage payments (currency devaluation, wear and tear of tools, acquisition of work clothes, distance and urban transport allowance, relocation and contract termination compensations, etc.).

Statutory Social Security Contributions are legally established contributions that employers make to the Social Security System in favour of their employees to cover the benefits set up

by the system and which are those derived from illness, maternity, work accident, disability, retirement, family, survival, unemployment, vocational training, wage guarantee or any other contingency covered by the Social Security System.

### **Working Day**

It is the number of hours that each employee devotes to the undertakings of his/her labour activity. The following concepts are distinguished:

**Contractual hours:** These are the hours legally established by verbal agreement, individual contract or collective agreement between the employee and the company.

**Hours actually worked:** These are the hours that were actually worked, during both normal working hours and overtime hours, including the periods of time which have not been completed but are considered effective time in virtue of the valid regulations.

They are calculated as the sum of the contractual hours plus overtime and/or complementary hours minus hours not worked, except hours lost in the workplace.

**Hours not worked:** Hours that were not worked during the working day for some reason (vacations and public holidays, temporary incapacity, maternity, adoption and personal reasons, rest periods as compensation for overtime, union representation hours, fulfilment of an inescapable duty, sitting for exams and doctors' appointments, days or hours not worked for technical, organizational or productive reasons, hours lost in the workplace, labour conflict, absenteeism, legal guard, lock-out, etc.).

# Quarterly Labour Cost Survey (QLCS)

## Fourth Quarter 2007

Base Year 2000

### Total Labour Cost

#### 1. National results

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	2,405.51	136.8	4.1	18.01	143.4	4.5
Industry	2,763.20	139.6	3.4	19.84	145.5	3.8
Construction	2,397.01	146.8	5.3	16.80	155.0	6.1
Services	2,313.07	136.1	4.2	17.76	142.2	4.4

<sup>1</sup> Same quarter, previous year

#### 2. Results by autonomous community

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	2,405.51	136.8	4.1	18.01	143.4	4.5
Andalucía	2,154.17	134.3	2.9	16.22	142.8	4.0
Aragón	2,432.45	140.6	5.2	18.12	143.5	4.2
Asturias (Principado de)	2,357.60	134.3	4.1	17.95	138.7	3.7
Balears (Illes)	2,373.12	151.5	5.3	18.11	167.4	6.5
Canarias	1,993.35	132.5	5.5	14.60	138.5	7.1
Cantabria	2,251.08	136.0	4.3	16.96	143.2	3.6
Castilla y León	2,244.27	134.9	3.3	17.12	143.1	4.3
Castilla-La Mancha	2,150.11	141.0	4.9	15.70	148.3	5.4
Cataluña	2,612.36	141.8	5.1	19.85	148.4	5.7
Comunitat Valenciana	2,157.77	136.1	4.1	16.11	142.7	5.0
Extremadura	1,970.76	136.5	4.1	14.43	140.4	2.8
Galicia	2,108.62	137.5	4.9	15.63	145.5	3.9
Madrid (Comunidad de)	2,780.64	133.6	3.1	20.31	139.0	2.6
Murcia (Región de)	2,077.08	143.0	4.8	15.77	149.6	6.0
Navarra (Comunidad Foral de)	2,640.31	136.5	1.9	20.43	143.8	2.4
País Vasco	2,810.19	136.7	4.9	21.63	140.6	5.0
Rioja (La)	2,237.51	134.7	3.2	16.87	142.7	4.2

<sup>1</sup> Same quarter, previous year



## Quarterly Labour Cost Survey (QLCS)

### Fourth Quarter 2007

Base Year 2000

## Wages and Salaries

### 1. National results

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	1,807.87	136.3	3.7	13.54	143.0	4.1
Industry	2,071.57	139.3	2.8	14.88	145.0	3.2
Construction	1,712.63	144.0	5.1	12.01	152.2	6.0
Services	1,757.26	136.0	3.8	13.49	142.1	4.0

<sup>1</sup> Same quarter, previous year

### 2. Results by autonomous community

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	1,807.87	136.3	3.7	13.54	143.0	4.1
Andalucía	1,594.08	131.9	2.5	12.00	140.4	3.6
Aragón	1,835.60	141.9	5.6	13.68	144.9	4.7
Asturias (Principado de)	1,773.84	136.1	5.0	13.51	140.7	4.6
Balears (Illes)	1,803.02	153.1	5.5	13.76	169.2	6.7
Canarias	1,470.61	129.8	5.4	10.77	135.6	7.1
Cantabria	1,665.82	135.3	4.7	12.55	142.5	4.1
Castilla y León	1,685.04	136.3	3.0	12.86	144.7	4.0
Castilla-La Mancha	1,595.90	140.1	5.2	11.65	147.1	5.6
Cataluña	1,974.55	141.4	3.8	15.00	147.9	4.4
Comunitat Valenciana	1,596.23	135.3	3.2	11.92	141.9	4.1
Extremadura	1,466.52	135.3	4.0	10.74	139.1	2.7
Galicia	1,575.51	136.9	5.2	11.68	144.9	4.2
Madrid (Comunidad de)	2,117.53	132.8	2.8	15.47	138.1	2.3
Murcia (Región de)	1,554.76	144.4	5.2	11.80	151.1	6.4
Navarra (Comunidad Foral de)	2,009.78	138.6	2.5	15.55	146.0	3.0
País Vasco	2,132.98	137.7	4.8	16.42	141.7	4.9
Rioja (La)	1,684.36	135.8	3.2	12.70	143.8	4.3

<sup>1</sup> Same quarter, previous year

## Quarterly Labour Cost Survey (QLCS)

### Fourth Quarter 2007

Base Year 2000

## Other Costs

### 1. National results

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	597.64	138.4	5.3	4.47	144.7	5.7
Industry	691.63	140.7	5.4	4.96	146.7	5.5
Construction	684.38	154.3	5.6	4.79	162.4	6.2
Services	555.81	136.5	5.5	4.27	142.3	5.7

<sup>1</sup> Same quarter, previous year

### 2. Results by autonomous community

	Monthly labour cost per employee			Hourly labour cost		
	Euros	Index	Rate <sup>1</sup>	Euros	Index	Rate <sup>1</sup>
TOTAL	597.64	138.4	5.3	4.47	144.7	5.7
Andalucía	560.09	141.5	3.9	4.22	150.2	5.2
Aragón	596.85	136.7	3.8	4.44	139.2	2.8
Asturias (Principado de)	583.76	129.1	1.4	4.44	132.9	0.9
Balears (Illes)	570.10	146.6	4.6	4.35	161.7	5.8
Canarias	522.74	140.7	5.6	3.83	147.3	7.3
Cantabria	585.26	137.9	3.0	4.41	145.5	2.3
Castilla y León	559.23	130.7	4.1	4.26	138.8	5.2
Castilla-La Mancha	554.21	144.0	4.1	4.05	151.7	4.7
Cataluña	637.81	143.2	9.4	4.85	149.7	10.0
Comunitat Valenciana	561.54	138.2	6.8	4.19	145.0	7.7
Extremadura	504.24	139.9	4.5	3.69	144.1	3.1
Galicia	533.11	139.2	3.8	3.95	147.4	2.9
Madrid (Comunidad de)	663.11	136.4	4.0	4.84	141.9	3.4
Murcia (Región de)	522.32	139.0	3.5	3.97	145.4	4.7
Navarra (Comunidad Foral de)	630.53	130.2	0.1	4.88	137.1	0.6
País Vasco	677.21	133.6	5.1	5.21	137.5	5.3
Rioja (La)	553.15	131.4	3.1	4.17	139.5	4.0

<sup>1</sup> Same quarter, previous year

## Quarterly Labour Cost Survey (QLCS)

### Fourth Quarter 2007

Base Year 2000

### Time worked

#### 1. National results

	Monthly hours per employee								
	Total employees			Full time			Part time		
	Hours agreed	Hours actually worked	Hours not worked	Hours agreed	Hours actually worked	Hours not worked	Hours agreed	Hours actually worked	Hours not worked
TOTAL	156.4	133.6	23.7	169.2	144.4	25.8	87.7	75.6	12.4
Industry	165.0	139.2	27.1	170.5	143.7	28.3	83.8	73.6	10.3
Construction	167.8	142.6	25.7	171.0	145.2	26.3	82.3	72.4	9.9
Services	151.8	130.3	22.3	168.4	144.5	24.9	88.2	75.8	12.6

#### 2. Results by autonomous community

	Monthly hours per employee								
	Total employees			Full time			Part time		
	Hours agreed	Hours actually worked	Hours not worked	Hours agreed	Hours actually worked	Hours not worked	Hours agreed	Hours actually worked	Hours not worked
TOTAL	156.4	133.6	23.7	169.2	144.4	25.8	87.7	75.6	12.4
Andalucía	154.5	132.8	22.3	168.6	144.8	24.5	87.0	75.4	11.8
Aragón	157.5	134.2	24.5	169.5	144.2	26.8	83.1	72.5	10.8
Asturias (Principado de)	154.3	131.4	23.7	167.1	142	26.0	79.2	69.0	10.3
Balears (Illes)	155.9	131.0	25.6	169.7	142.9	27.6	95.8	79.2	16.9
Canarias	160.1	136.6	24.1	171.3	145.8	26.0	86.8	76.0	11.2
Cantabria	156.4	132.7	24.6	169.1	143.5	26.6	85.7	72.8	13.4
Castilla y León	154.1	131.1	23.6	168.2	142.5	26.3	84.6	74.3	10.5
Castilla-La Mancha	158.5	137.0	22.2	169.4	146.3	23.9	78.7	68.8	9.9
Cataluña	155.6	131.6	25.1	170.3	143.8	27.8	86.5	74.2	12.5
Comunitat Valenciana	158.3	133.9	25.1	170.1	143.9	27.1	92.9	79.1	14.1
Extremadura	158.0	136.6	22.0	168.7	145.8	23.5	80.9	70.0	11.2
Galicia	157.1	134.9	23.1	170.0	145.7	25.2	84.7	74.2	11.1
Madrid (Comunidad de)	158.0	136.9	22.1	169.0	146.4	23.7	93.2	80.7	12.8
Murcia (Región de)	154.7	131.7	23.5	170.2	145.2	25.8	91.2	77.0	14.3
Navarra (Comunidad Foral de)	153.8	129.2	25.7	167.7	140.8	28.1	80.9	68.2	13.0
País Vasco	153.2	129.9	23.9	165.1	140.0	25.8	81.1	68.9	12.3
Rioja (La)	155.0	132.7	23.3	169.5	144.5	26.1	84.8	75.4	9.8