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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 646 final.

Brussels, 15 December 1975

GUIDELINES OF THE COMMISSION FOR THE DEVELOPMENT
OF A PERMANENT INFORMATION
SYSTEM ON SOCIAL SECURITY IN AGRICULTURE

(Report from the Commission to the Council)

COM(75) 646 final.

GUIDELINES OF THE COMMISSION FOR THE DEVELOPMENT
OF A PERMANENT INFORMATION
SYSTEM ON SOCIAL SECURITY IN AGRICULTURE
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I. BACKGROUND

1. The Commission has been studying social security in agriculture for a good many years.

For the European Conference on Social Security held in Brussels in December 1962, a document was produced outlining the benefit schemes and the methods of financing the social security system for agriculture in the Member States as at 30 June 1962.

This work was continued, improved and updated regularly by the Commission in close cooperation with a group of experts.

2. Basing itself on bilateral work carried out by France and the Federal Republic of Germany, the group approached the study from an interesting angle by examining the social security element in farmers' incomes.
3. The group's work culminated in the study entitled "The financing of social security in agriculture", which was published by the Commission in 1970 as n° 20 in the collection entitled "Studies" in the social policy series.

The study deals, for each of the six original Member States, with:

- the administrative organization and method of financing as at 1 January 1967,
- financial developments from 1960 to 1965, in five statistical tables:

4. - TABLE I

Overall financing of social security for persons in agriculture, by receipts broken down by insurance branch according to:

- contributions,
- State subsidies or subsidies from various other sources.

- TABLE II

Statutory social benefits for farmers and those entitled under them, broken down by insurance branch.

- TABLE III

Average costs (contributions) and total of social benefits per farmer or per person engaged in agriculture on an unpaid basis.

- TABLE IV

Calculation of a comparable farm income.

- TABLE V

Social benefits as a proportion of farmers' total income.

5. Summary tables allow comparison of the financial information appearing in the above tables relating to the six Member States.

An interim report dealing with the period 1966-1970 was prepared by the Commission's services and was forwarded in 1972 to the national delegations in the group of experts.

At the Commission's request, the statistical tables were updated each year and forwarded to the national delegations, in order to ensure the continued usefulness of this work.

Similarly, the scope of the information contained in the published study was widened to take in the principal changes in social legislation relating to agriculture in each Member State.

6. Despite its existing gaps and imperfections, especially as regards comparability of data, the study has proved to be of undoubted value

to the Commission and the Member States. It has enabled a comparison to be made of the situation of farmers in the six Member States in respect of their social contributions and benefits and the incidence of social security on their total income.

II. MANDATE GIVEN BY THE COUNCIL TO THE COMMISSION

7. Pursuant to Article 118 of the Treaty, under which the Commission is given the task of promoting close cooperation between Member States in the social field, particularly in matters relating to social security, the Commission submitted to the Council a study on the financing of social security in agriculture, in addition to two other studies. One of these concerned the economic effects, and the other the financial problems, of social security.

8. The Council examined these studies on 26 November 1970 in the context of action in the field of social security policy, and took the following decision regarding the study on the financing of social security in agriculture:

"The study on the financing of social security in agriculture was a first attempt at analysing and assessing, on the basis of uniform criteria, the very different and complex social security schemes in agriculture and the financial problems they encountered, up to 1965.

9. On account of the developments which had occurred since the study was prepared and ongoing trends, and also as a result of the continuing shortcomings in data comparability, the Council pointed out that, in its view, the study should be updated and should include, in particular, a comparison of the definitions (farmer, farm worker, farm income) which appeared in the legislation of the six countries concerned and also of the benefits available to farmers under national schemes.

Furthermore, it would be desirable to extend the scope of the study as far as possible to cover social security provision for farm workers on the same lines as for farmers".

III. EXECUTION OF THE COUNCIL'S MANDATE

10. Thus, the Council entrusted the Commission with three tasks:

- 1.- to improve the comparability of the data provided by the Member States, especially as regards the definitions of the terms "farmer", "farm worker" and "income";
- 2 - to extend the study to cover farm workers;
- 3 - to continue updating the work on a regular basis.

11. To give effect to the Council's decisions, in 1971 the Commission set up a group of experts composed of representatives of the competent authorities of the six original Member States. In 1973, representatives of the competent authorities of the three new Member States, after preparatory meetings with the Commission, joined the group, and took a very active part in its work so as to enable the study to cover all nine Member States. It should be noted that, while the group was engaged in carrying out the Council's mandate, the work of bringing the statistical and legislative information up to date was continued in the manner laid down earlier.

The work was carried out in several stages:

- A. drawing up a questionnaire in 1972,
- B. drawing up an intermediate report in 1973,
- C. guidelines.

A. Questionnaire drawn up in 1972

12. During 1972, a questionnaire, drawn up by the Commission's services with the assistance of experts from the Belgian and the Federal Republic of Germany, was completed by the experts from the six original Member States.

As a result, the following information was assembled.

a) Comparability

13. It was noted that the definition of "farmer" used in the various branches of social security varied considerably from one Member State to another and also within one and the same Member State, where different branches of social security existed.

As regards old-age and sickness insurance, family benefits and insurance against industrial injury, the following were defined:

- membership criteria,
- the number of persons contributing,
- the number of persons in receipt of benefits, according to the following breakdown:

- . heads of undertakings,
- . their spouses,
- . family helpers,

a further distinction being made between persons employed in agriculture on a full-time basis and those employed on a part-time basis.

b) Extension of the study to include farm workers

14. Only workers in paid and permanent employment were taken into account. Figures were collected concerning employers' and workers' contributions, the share borne by the State and other sources of finance outside agriculture, and also the benefits available in the following branches:

- sickness and maternity,
- old-age and survivors,
- industrial accidents and occupational diseases,
- invalidity,
- unemployment,
- family benefits.

15. For each of the above social security branches, the number of insured farm workers was calculated as a percentage of all insured workers in all occupations.

These various matters gave rise, in the initial stage, to frequent discussions between the experts from the six original Member States and the Commission's services.

B. Interim report submitted in 1973

16. At the beginning of 1973, an interim report was drawn up by the German expert in close collaboration with the Commission's services. This document brought out the points of agreement and disagreement between national legislations.

The expert made several proposals for overcoming the differences observed and for reaching a consistent solution.

Following discussions, the Commission's services in close collaboration with the experts from the six original Member States arrived at certain findings and drew up several proposals:

Findings

a) Definitions

17. Contributions, the amount of finance from non-agricultural sources, and benefits received were calculated for a given number of farmers, with no account being taken of the fact that the definitions of "farmer" used in the various Member States and insurance branches differ.

b) Number of persons covered

18. The number of persons covered by a social security scheme for agriculture can only be calculated in Member States where a specific agricultural scheme exists for all or some of the branches of social security, as is the case in France, Luxembourg, Italy and the Federal Republic of Germany.

In the Netherlands and Belgium, farmers are covered by general schemes or by the schemes applicable to self-employed workers; their number has to be calculated on the basis of demographic or employment statistics.

19. It should be emphasized that in the six original Member States - apart from France, which has a special social security scheme for agriculture - no separate statistics are available, relating to all branches of social security, for all farmers and farm workers covered.

The figures supplied are therefore in most cases estimates, necessarily implying some degree of inaccuracy.

c) Membership criteria

20. In France, Italy, Luxembourg and the Federal Republic of Germany, the two membership criteria are the following:

- a minimum size of holding,
- farming being the subject's main occupation.

The minimum size does, of course, vary from one country to another and the criterion of main occupation did not apply in all insurance branches.

The same situation obtains for the members of a farmer's family.

These differences in national rules result in a membership rate for persons in agricultural occupations which may be on the high side or the low side, thus distorting the comparison of the social situation of farmers in the Member States.

C. Guidelines

a) Concept of "farmer"

21. In view of these difficulties, the concept of "farmer" is retained and that of "member of the family engaged in agricultural activities" is rejected since the latter was even more vague than the former.

Consequently, Table III (benefits and social charges related to the active non-worker population) will be confined, for the comparison of per capita averages, to farmers alone.

b) Determination of the number of farmers and farm workers

22. Several methods were examined for determining for each Member State the number of farmers which would serve as a basis for establishing a valid comparison :

- comparison between insurance branches, since the membership criteria vary from one branch to another;
- overall comparison accompanied by a micro-economic analysis;

- average number of insured persons calculated with regard to the amount of benefits granted in each branch of insurance, as a proportion of the total amount of benefits granted to farmers. This proportion is a coefficient applicable for each branch of social security to the total number of insured persons in agriculture, the various figures thus obtained being added together.

23. These various methods were not adopted, either because they could not be applied in all the Member States or because they involved complexities which would not necessarily be an aid to accuracy.

Farmers

24. Consequently, it is suggested that all Member States take the number of farmers as being that given in farm statistics and not that appearing in social security statistics or based on estimates.

The number of farmers is obtained from the farm employment statistics drawn up by the Statistical Office of the European Communities on the basis of national employment surveys. These statistics form a harmonized series which, until 1970, were drawn up by the Statistical Office at intervals of several years but which since that date have been, and are to be, drawn up each year. They include all farmers with a holding of at least one hectare of worked farmland whose work output is at least equal to 50 % of one annual labour unit.

25. This series of statistics does not give the number of persons employed in forestry. If, however, there is a significant number of persons active in this sector, that number must be added to the number of farmers, but it is for Member States alone to make this calculation.

The Statistical Office of the European Communities will provide the experts with the most up-to-date statistical information. If, however, the information necessary for the year under consideration is not yet available, Member States will provide provisional estimates based on their national statistics, which, where necessary, will have to be corrected the following year when the statistics drawn up by the Statistical Office become available.

26. With regard to the statistical tables for this category, it is suggested that the five tables already referred to on pages 1 and 2 be retained, in view of the changes agreed upon below.

It should be mentioned that in the "farmers" tables, the contributions to be shown are those paid by the head of the undertaking to cover himself and the members of his family. The benefits to be considered are those provided for him and all members of his family.

27. In table III "Benefits and contributions relative to the number of farmers" the following formulas should be adopted:
- benefits for families divided by the number of farmers,
 - contributions paid by farmers divided by the number of farmers.

28. It should be pointed out that in Denmark each member of a farmer's family is entitled to benefits without paying contributions and that the concept of the farmer alone having a contribution liability does not exist.

Farm workers

29. The same statistical sources will be used for establishing the number of farm workers as for farmers. The following statistical tables for this category will be used :

TABLE I - FINANCING

Functions Receipts	Contributions		Share borne by the State and local authorities
	Workers	Employers	
Sickness			
Maternity			
Invalidity			
Old-age and survivors			
Death			
Industrial accidents and occupational diseases			
Family benefits			
Unemployment			
Others			
Subtotals			
TOTAL			

TABLE II - BENEFITS

Functions	Amount
Sickness	
Maternity	
Invalidity	
Old-age and survivors	
Death	
Industrial accidents and occupational diseases	
Family benefits	
Unemployment	
Others	
TOTAL	

TABLE III - CONTRIBUTIONS AND BENEFITS IN TERMS OF THE NUMBER
OF FARM WORKERS

	Average per farmworker
Total of farmworkers' contributions divided by the number of farmworkers	
Total of benefits divided by the number of farmworkers	

c) Nature and duration of the work to be carried out

30. The following plan for implementing the Council's instructions is suggested :
- Every two years, by 15 November, each Member State will provide, in accordance with the layout attached to this document, a report on the laws and regulations in force on 1 July.
 - Every intervening year Member States will report, also in November, any major changes in their legislation.
 - Each year, in November, Member States will provide statistical tables for the two preceding years (N-1 and N-2). For the earlier year, the statistics will be final.
31. - Every three years the Commission will draw up a summary report based on all these documents.

The report will highlight, in particular, the similarities and differences in national legislation and will compare the situation of farmers with that of self-employed persons outside agriculture and with that of workers. It will also compare the situation of farmworkers with that of workers in the distributive and industrial sectors.

Only the reports with a statistical appendix and the summary report will be distributed in all the Community languages.

32. In this context it is suggested that the title used for the work should be "Social Security in Agriculture" instead of "Financing of Social Security in Agriculture".

IV. FINAL REMARKS

33. The guidelines of the Commission contained in part III (C. points 21-32) should make it possible to carry out the mandate assigned to it on 26 November 1970, the final objective of which was to provide a permanent source of information on the situation of social security in agriculture (for self-employed persons and workers) both as regards the legislative provisions and regulations and from the statistical and financial point of view (expenditure and receipts). These guidelines can be implemented immediately after their adoption by the Council. It should be noted that they have been agreed to, at a technical level, by the experts of all the Member States.

34. These guidelines are, however, merely one stage in the process of extending the study and improving its internal comparability - already markedly improved compared with earlier work in this field.

In this respect, it should be mentioned that during the meeting the experts expressed the wish to see the following achieved at a later stage :

- An improvement in the concept of comparable agricultural income by using the integrated system of economic accounts for a better link between social and economic matters.
- An extension of the study by a micro-economic comparison, based on the Community's farm accountancy information system. In this way, it would be possible to compare the incomes of similarly constituted families in each Member State farming certain types of holdings, taking into account both social security contributions and benefits, particularly family benefits and old-age insurance.

- A comparison of family benefits and of old-age benefits provided in the various Member States, in order to take more account of demographic trends in agriculture.
- Extension of the study to include social assistance measures and their financing.
- Development, in addition to the statistical tables on "farmworkers" (mentioned in para. 29), of a "Table IV" showing the proportion of social security in the income of workers. This income could possibly be obtained from "Table IV - Farmers" relating to comparable farm incomes.

35. The Commission recognises the interest of these suggestions but, before taking a position on them, considers that they require closer examination.

A N N E X

LAYOUT OF THE REPORT ON SOCIAL SECURITY IN AGRICULTURE

The report falls into two parts:

- I. Social security for farmworkers
- II. Social security for farmers.

In each section, sickness, maternity, old-age and survivors, invalidity, family benefits, industrial accidents and occupational diseases, and unemployment are described under the following headings:

1. Legal bases
2. Risks covered
3. Schemes (general or special)
4. Organization (institutions, control)
5. Benefits
 - Type of benefits:
 - . benefits in kind
 - . cash benefits
 - Reimbursement
 - Amount of benefits
 - Beneficiaries
 - Conditions governing the award of benefits
6. Financing
 - Contributions
 - Sources of finance outside agriculture.