

APPENDIX

NATIONAL WAGE CONSULTATIVE COUNCIL

**FIFTH REPORT ON THE IMPACT OF
THE IMPLEMENTATION OF THE
NATIONAL MINIMUM WAGE
2021/2022**

APRIL 2023

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EXECUTIVE SUMMARY

1. This Fifth Report (2021/2022) on the Impact of the Implementation of the National Minimum Wage, which essentially focuses on the period 2021/2022, covers –
 - the evolution of the pertinent National Minimum Wage Ratios and economic indicators from 2018 to 2022
 - the impact on the labour market from Q2 of 2021 to Q2 of 2022
 - impact on wage and income distribution from 2017 to 2022
 - the characteristics and location of low wage employees and Non-Compliant Cases at June 2022
 - monitoring of the implementation of the National Minimum Wage and other recommendations

Pertinent National Minimum Wage Ratios and Economic Indicators

2. The NWCC Act provides that the monthly NMW should represent a proportion of the median of the preceding year.
3. The **guaranteed income under the NMW scheme, as a proportion of the median of the previous year that is the kaitz ratio**, which was set at 68.2% in 2018 reached 69.2% in 2022 i.e. higher than the benchmark proportion of 60% used in European countries. The kaitz ratio exceptionally peaked to 71.8% in 2020 due to the relatively lower increase in the median in 2019.
4. The **guaranteed income under the NMW as a proportion of per capita GDP**, which stood at 30.2% in 2019, increased to 37.4% in 2020 in the wake of the contraction of the per capita GDP due to the effect of the pandemic on economic activities. As the per capita GDP picked up after 2020, the ratio reached 36.2% in 2021 and is expected to stand at 33.5% in 2022.
5. The **proportion of compensation of employees as a share of GDP (at current market prices) increased** from 35.2% in 2018 to 38.2% in 2021 and 36.8% in 2022 resulting from the contraction of the GDP in 2021 and its growth in 2022 coupled with the growth of the National Minimum Wage and the country's pay compensation policy.
6. The **proportion of compensation of employees as a share of GVA (at current basic prices) increased** from 40.4% in 2018 to 43.2% in 2021 and 41.9% in 2022 resulting from the contraction of the GVA in 2021 and its growth in 2022 coupled with the growth of the National Minimum Wage and the country's pay compensation policy.

Impact on the Labour Market – Employment and Unemployment

7. **Evidence continues to indicate that the implementation of the NMW has not adversely affected employment growth, in aggregate, as reported in previous Reports.**
8. In fact, employment increased by 48,900 from 466,600 in Q2 2021 to 515,500 in Q2 2022 representing an increase of 10.5 per cent. This increase comprises -
 - Employees: 26,800
 - Employers: 24,500
 - Contributory family workers: 5,700; and

- a decrease of 8,100 own account workers.
9. Employment in elementary occupations as a percentage of total employment increased from 14.5 per cent in Q2 2021 to 19.1 per cent in Q2 2022, that is, by an increase of some 30,800 employees. Employment in service and sales employees registered a fall of 6,100 from 24.4 per cent in Q2 2021 to 20.9 per cent in Q2 2022.
 10. The share of female employees in employment as a proportion of total employment remains more or less constant at around 40 per cent in Q2 2021 and Q2 2022.
 11. However, the share of female employees in employment as a proportion of total economically active female employees increased from 87.5 per cent in Q2 of 2021 to 89.8 per cent in Q2 of 2022.
 12. The unemployment rate which stood at 10.5 per cent in Q2 of 2021 fell to 8.1 per cent in Q2 of 2022.
 13. The rate for male fell from 9.2 per cent to 6.6 per cent and for female from 12.5 per cent to 10.2 per cent.
 14. The unemployment rate of young employees, which stood at 32.4 per cent in Q2 of 2021, improved to 26.1 per cent in Q2 of 2022.

Export Oriented Enterprises

15. Both the number of enterprises and employment, which have been on a downward trend prior to the introduction of the NMW, continued thereafter to decline.
16. While the number of enterprises in the EOE's fell from 235 in June 2021 to 232 in June 2022, employment fell by 959 from 36,047 in June 2021 to 35,088 in June 2022.
17. However, the fall in employment of 959 from June 2021 to June 2022 is made up of a decrease of 1,319 foreign employees coupled with an increase of 360 Mauritian employees comprising 88 male employees and 272 female employees.
18. Mauritian employment in the EOE's which stood at 55.0 per cent at June 2021 increased to 57.5 per cent at June 2022.
19. Mauritian employment in the EOE's is predominantly female with 11,997 representing 59.4 per cent of total Mauritian employment; and
20. Foreign employment in the EOE's is predominantly male with 10,670 representing 71.6 per cent of total foreign employment in the EOE's.
21. Employment by product group indicates that textile, yarn and fabrics, and wearing apparel which accounted for 64.5 per cent of total employment in the EOE's in 2021 fell to 61.9 per cent in 2022.

Wage Rate Index

22. The **Wage Rate Index (WRI)**, which gauges changes in labour costs across the economy, rose by 8.1 per cent in 2022Q2 compared to 2021Q2, reflecting higher nominal wages in the country. As the inflation rate for the financial year 2021-2022 also stood at 8.0 per cent, this indicates that the improvement in real wages has been negligible.

Expansion of the Formal Sector/Contraction of the Informal Sector

23. The proportion of the contributing Mauritian employees to total employees (full-time and part-time) including self-employed increased from 64.1 per cent in Q4 of 2017 to 80.3 per cent in Q2 2021 and 87.3 per cent in Q2 of 2022 denoting a general contraction of the informal sector.
24. The proportion of contributors to total employment net of the 8,500 contributing family workers (in respect of whom contributions to NSF/CSG are not mandatory) works out to 88.7%.

Impact on Income Distribution

25. **The implementation of the NMW has continued to raise the wage income of low-paid Employees, thereby reducing income inequality. Indeed, the palma ratio, the Gini Coefficient and the inter decile ratios based on wage income, have continuously improved since 2017.**
26. The **Palma Ratio**, which measures the share of monthly earnings of the top 10 percent wage earners divided by that of the bottom 40 percent, shows a decline from 2.44 in 2017 to 2.06 in 2021 and 1.91 in 2022. This means that while in 2017 the top 10 percent earned almost one and a half times more than the bottom 40 percent, in 2022 this distance had dropped to around less than one time.
27. The **Gini Coefficient**, which measures the degree of inequality in income ranges between 0 (complete equality) and 1 (complete inequality), continues to improve from 0.448 in 2017 to 0.420 in 2021 and to 0.408 in 2022.
28. The introduction of the NMW in 2018 and its review in 2020 coupled with the government wage compensation policy for the period 2017 to 2022 have narrowed wage differentials as measured by the **inter decile ratios** as follows:
 - The Decile 9/Decile 1 which is an indicator for the degree of spread across the outer segments of the wage distribution has narrowed from 7.75 in 2017 to 5.56 in 2021 and 5.00 in 2022.
 - The Decile 5/Decile 1 which is an indicator of the bottom-half of the earning distribution has also narrowed from 2.58 in 2017 to 1.96 in 2021 and 1.82 in 2022.
 - The Decile 9/Decile 5 which is an indicator of the top-half of the earning distribution has equally narrowed from 3.00 in 2017 to 2.83 in 2021 and 2.75 in 2022.

Impact on Wage Distribution

29. The **Cumulative Frequency Curves (CFC)** which measure the basic wages on the x-axis and the cumulative distribution of employees on the y-axis, based on SM data, for the years 2017 to 2022 indicate:
 - a larger shift to the right at the lower end showing a movement to higher wage brackets explained by the introduction of NMW in 2018, the review of the NMW in 2020 and additional remuneration in 2019, 2021 and in 2022 for employees at the lower end;
 - an observable shift at levels higher than the NMW due to market adjustment of wage relativity; and
 - a little or no shift at the higher end due to the applicability or non-applicability of the additional remuneration or otherwise.

Impact on Household and Case for Maintaining the Income Allowance of Rs 1000

30. The **guaranteed income of the NMW worker coupled with the income allowance** of Rs 1,000 granted to all employees with gross income of up to Rs 50,000 a month, **has improved the standard of living of household with the appropriate number of wage earners.**
31. Though the guaranteed income of household of different sizes with appropriate number of workers continue to be higher than the respective relative poverty line in 2022, the extent narrowed when compared to 2021.
32. However, if the Rs 1,000 allowance granted by Government to all employees with gross income of up to Rs 50,000 a month is accounted for, the guaranteed income under the NMW scheme coupled with Rs 1,000 allowance would exceed the RPL as follows:
- for households with one adult member who is a wage earner, the guaranteed income plus allowance granted by Government i.e., Rs 12,075 would be higher than the RPL of Rs 9,200 by 31.3 per cent;
 - for households with two adult members who are full-time wage earners, the guaranteed income plus allowance granted by Government i.e., Rs 24,150 would be higher than the RPL of Rs 14,900 by 62.1 per cent; and
 - for households with two adults and two children and two wage earners, the guaranteed income plus allowance granted by Government i.e., Rs 24,150 would be higher than the RPL of Rs 21,600 by 11.8 per cent.
33. In sum, while the extent the guaranteed income under the NMW exceeded the RPL for the different household sizes narrowed from 2021 to 2022 indicating a worsening of purchasing power, the extent widened when account is taken of the monthly allowance of Rs 1,000 granted to Employees with gross income of up to Rs 50,000 a month, with effect from 1st July 2022, signifying an improvement in the purchasing power and standard of living of the concerned households.
34. Considering the foregoing, the Authorities may wish to consider the advisability of maintaining the allowance in respect of low wage workers, in the event the whole policy is reviewed in the future.

Monitoring the Implementation of the NMW

35. For the effective implementation of the NMW and for optimum compliance to the NMW Regulations, the NWCC had recommended in its Fourth Impact Report 2021 that
- The Authorities consider the advisability of taking necessary measures to require employers to specify to the MRA the reasons whenever social contributions are made on a basic wage lower than the prevailing NMW; and
 - The MLHRDT (i) liaises with the MRA to obtain cases where social contributions have been made on a basic wage lower than the NMW and (ii) carries out inspections in the relevant enterprises to ensure the proper implementation of the NMW.
36. The MRA has explained to the NWCC that it would not be technically possible to require employers to specify to the MRA the reasons why social contributions are made on a basic wage lower than the prevailing NMW. It has, however, submitted to the Council lists of cases where social contributions have been on a wage lower than the NMW.

37. It is noted that cases where contributions are made on a prorated wage lesser than the NMW can still be compliant to the NMW Regulations if they satisfy the reasons for contributions on a prorated basic wage as follows -
- In case where a worker takes up employment during a month but not on the first day of the month.
 - In case where a worker resigns or retires during a month but not on the last day of the month.
 - In case where a worker for one reason or another goes on leave without pay for part of the month.
38. Considering the foregoing, the NWCC, with the assistance of the MLHRDT, is carrying out an exercise to determine the proportion of those cases (where contributions have been made on a wage lesser than the NMW) that would be compliant to the NMW Regulations. In that regard, the Ministry is carrying out inspections in relevant enterprises to monitor the implementation of the National Minimum Wage and proposes to report thereon to the NWCC as early as possible.
39. Pending the outcome of the exercise, the Council has, for this present Impact Report, made the assumption that 50% of cases where social contributions have been made on a wage lesser than the NMW in the Non-EoEs and lesser than the prescribed wages in the EoEs may be compliant to the NMW Regulations.

Non-Compliance to the NMW Regulations

40. Considering the foregoing the non-compliance rate which measures the proportion of cases not complying with the NMW as a proportion of the total number of full-time Mauritian employees is estimated at -
- 12.5 per cent for the country (50,182 out of 400,269 full-time Mauritian employees) if all employees irrespective of hours of work are considered full-time; and
 - 8.3 per cent (31,482 on 381,569 full-time Mauritian employees) If Employees who put in less than 40 hours weekly are not considered as full-time.

Characteristics and Location of Low Wage Employees

41. To enable appropriate policy decision, should the need arise, the characteristics and location of low wage employees at June 2021 are given below.
42. Contributing low wage employees drawing wages up to Rs 12,000 a month - the available pay range cut point nearest to 110 per cent of the guaranteed income under the NMW scheme - which stand at 102,593 -
- comprise 26 per cent of all contributing employees;
 - are predominantly female (33.2 per cent of all female employees against 20.3 per cent for male employees);
 - comprise a high prevalence of young employees (53.0 per cent of all young employees); and
 - comprise 79.7 per cent full-time employees and 20.3 per cent part-time employees.

43. Contributing low wage employees drawing wages up to Rs 12,000 a month are found in all industry groups and located as follows:

- 85.3 per cent in the non-EOEs but representing 31.0 per cent of total employees in the specific category;
- 11.6 per cent in the EOEes but representing 58.5 per cent of total employees in the specific category;
- 23.4 per cent in enterprises employing less than 10 persons but representing 45.2 per cent of total employees in the specific category;
- 76.6 per cent in enterprises employing more than 10 persons but representing 23.0 per cent of total employees in the specific category;
- 35.1 per cent in enterprises with annual turnover of less than R 10 M but representing 71.1 per cent of total employees in the specific category; and
- 64.9 per cent in enterprises with annual turnover of more than R 10 M but representing 28.8 per cent of total employees in the specific category.

INTRODUCTION

1. The National Wage Consultative Council (NWCC) is required in accordance with section 6 (1) (e) of the NWCC Act 2016 to submit to the Minister a Report on the impact of the national minimum wage and on the evolution of wage distribution every year after the introduction of the national minimum wage (NMW).
2. The NMW scheme introduced since 2018 and reviewed in 2020 comprises a guaranteed income made up of a wage component payable by the employer and a topping up allowance payable by Government.
3. The NMW payable by employers has, except for the year 2020, been increased every year since its introduction by the annual rate of cost-of-living compensation. For the year 2020, the annual rate of compensation had been included in the reviewed NMW figures effective as from 01 January of the same year. The topping up allowances payable by Government have, except for migrants, remained constant since their introduction in 2018.
4. The guaranteed income under the National Minimum Wage (NMW) scheme reached the figure of Rs 11,075 on 01 January 2022 comprising (a) (i) a monthly wage of Rs 10,575 payable by the employer and (a) (ii) a monthly topping-up allowance of Rs 500 payable by Government in the Non-EoEs; and (b) (i) a monthly wage of Rs 9,875 payable by the employer and (ii) a topping-up allowance of Rs 1,200 payable by the Government in the EoEs. The evolution of the different components of the National Minimum Wage (NMW) Scheme from their introduction to date is given at **Annex I**.
5. In conformity with the NWCC Act 2016, four annual Impact Reports have been submitted to the Authorities to date, for the years 2018, 2019, 2020 and 2021.
6. This fifth Report on the impact of the implementation of the NMW which covers, in particular, the period June 2021 to June 2022 contained nine Sections as follows:
 - Section 1: Recent Economic Developments
 - Section 2: Evolution of relevant economic indicators and pertinent National Minimum Wage Ratios
 - Section 3: Impact on the labour market
 - Section 4: Impact on wage and income distribution and Impact on household
 - Section 5: Characteristics and location of low wage employees
 - Section 6: Compliance to the NMW Regulations
 - Section 7: Characteristics and location of hypothetical non-compliant cases
 - Section 8: Views of stakeholders
 - Section 9: Monitoring the implementation of National Minimum Wage and other recommendations
7. The approach and methodology adopted for the preparation of this Report is given at **Annex II**.
8. The definitions of terminology used are provided in the Glossary of Terms at **Annex III**.

9. The Technical committee and the Board met as often as was required to discuss and finalize the Report. The composition of the Board and the Committees and the list of meetings held are shown at **Appendix**.

SECTION 1

Recent Economic Developments¹

- 1.1 **The domestic economy continued to recover during FY2021-22. The full re-opening of national borders provided an impetus to the tourism sector, with positive spill over effects on other sectors of the economy.** In addition, policy support coupled with the ongoing vaccination programme continued to strengthen business and consumer confidence and sustain aggregate demand.

Review of Economic and Financial Developments

- 1.2 **The domestic economy rebounded by 4.4 per cent in 2021, reversing the contraction of 14.4 per cent registered in 2020**, following:
- (a) the gradual easing of sanitary restrictions as vaccination campaigns took hold
 - (b) full re-opening of national borders as from October 2021 and improving external demand.
 - (c) The economy continued to recover in 2022H1, recording an average growth of 13.4 per cent.
- 1.3 **Domestic growth momentum was supported by broad-based recovery across sectors and a pick-up in domestic demand.** The 'Manufacturing' sector expanded by 8.3 per cent in 2021 and on average by 11.6 per cent in 2022H1, reflecting the lifting of sanitary restrictions across key trading partners and general recovery in external demand. Activity in the 'Construction' sector picked up on account of ongoing major infrastructure projects. Growth in the 'Real estate' and 'Wholesale and retail trade' sectors also moved into positive territory in 2021 and continued to expand in 2022H1. The 'Agriculture, forestry and fishing' sector grew by 7.2 per cent in 2021, but contracted by 0.6 per cent in 2022H1, reflecting the subdued performance of the 'sugarcane' subsector. The 'Accommodation and food service activities' sector turned around substantially in 2022H1, with an average growth of 585.7 per cent, as against a contraction of 12.1 per cent in 2021. Tourist arrivals, which stood at 179,780 in 2021, reached 376,556 in 2022H1 while tourism earnings increased from Rs15.3 billion to Rs25.3 billion over the same period.
- 1.4 **Domestic demand recovered on account of improved sentiment and sustained investment on public sector infrastructural projects.** Final consumption expenditure rose by 1.9 per cent in 2021 and 7.2 per cent in 2022H1, as against a contraction of 12.9 per cent in 2020, partly supported by the extension of the financial support measures rolled out by the authorities. Household consumption increased by 7.2 per cent in 2022H1, after a growth of 3.0 per cent in 2021 whilst Government consumption grew by 10.7 per cent, following a 3.0 per cent contraction in 2021. Overall investment spending bounced back as the business environment and overall economic outlook improved. Gross Fixed Capital Formation (GFCF) expanded by 14.0 per cent in 2021 as against a contraction of 25.8 per cent in 2020, and further by 20.2 per cent in 2022H1. Capital spending in the first half of 2022 was driven by higher investment in 'machinery and equipment' which increased by 30.2 per cent, following growth of 7.3 per cent in 2021. Investment in 'building and construction work', on its part, rose by 14.0 per cent following a growth of 17.8 per cent in 2021.

¹ The contents of this chapter have been adapted from a note on Recent Economic Developments prepared by the Bank of Mauritius for the NWCC.

- 1.5 **Domestic inflation maintained an upward trajectory during FY2021-22, mostly due to supply-side disruptions amidst the escalation of the Russia-Ukraine conflict that led to rising global oil and food prices, and soaring freight costs.** Headline inflation gained momentum, increasing from 2.2 per cent in June 2021 to 8.0 per cent in June 2022. Year-on-year inflation also firmed from 5.9 per cent in June 2021 to 9.6 per cent in June 2022.
- 1.6 **The recovery in economic activity strengthened labour market conditions.** The unemployment rate declined from 9.1 per cent in 2021 to 8.4 per cent in 2022H1. The female unemployment rate fell from 11.1 per cent in 2020 to 10.7 per cent in 2022H1. However, the youth unemployment rate rose from 26.1 per cent to 27.5 per cent over the same period. Going forward, labour market conditions are expected to improve and move closer to pre-pandemic levels as overall economic activity continues to pick up.
- 1.7 **The Wage Rate Index (WRI), which gauges changes in labour costs across the economy,** rose by 1.2 per cent in 2022Q2 compared to 2022Q1, reflecting higher wages in the 'Construction' sector (4.1 per cent), followed by 'Manufacturing' (3.3 per cent), 'Accommodation and food service' activities (2.4 per cent) and 'Wholesale and retail trade; repair of motor vehicles and motorcycles' (2.2 per cent). However, the 'Human health and social work' and 'Real estate' sectors registered respective declines of 0.5 per cent and 0.1 per cent in wages in 2022Q2 compared to the previous quarter. This was mainly due to changes in the mix of employees within occupations and decrease in regular allowances.
- 1.8 **Labour productivity improved in 2021 as a result of the pick-up in economic activity.** Labour productivity, a key component of output growth and primary determinant of future gains in GDP per capita, increased by 11.4 per cent in 2021 compared to a decline of 9.4 per cent in 2020. Average compensation of employees, which rose by an annual average of around 5 per cent from 2011 to 2021, increased by 16.0 per cent in 2021, following a contraction of 1.1 per cent in 2020. Unit labour cost rose by 4.1 per cent in 2021 after an increase of 9.1 per cent in the previous year. The unit labour cost in US dollar terms declined by 0.8 per cent and 1.6 per cent in 2020 and 2021, respectively. This was mostly due to the depreciation of the Mauritian rupee vis-à-vis the US dollar.
- 1.9 **During FY2021-22, the external sector was positively influenced by the revival in the tourism sector and higher investment income mainly from the GBC sector and banks.** However, the current account deficit is estimated to have widened from Rs53.5 billion in FY2020-21 (or 11.7 per cent of GDP) to Rs72.4 billion (or 13.8 per cent of GDP) in FY2021-22, mainly due to a higher deficit in the goods account against the Russia-Ukraine war backdrop.
- 1.10 **The deficit in the goods account rose by Rs52.3 billion to Rs141.8 billion in FY2021-22.** The services account turned around from a deficit of Rs13.2 billion in FY2020-21 to a surplus of Rs6.6 billion, mainly reflecting the substantial increase in gross tourism earnings from Rs2.5 billion to Rs39.6 billion. In a similar vein, the primary income account surplus increased from Rs72.2 billion in FY2020-21 to Rs80.9 billion in FY2021-22 while the deficit on the secondary income account decreased from Rs23.1 billion to Rs18.0 billion over the same period.
- 1.11 **The country recorded an overall balance of payments surplus of Rs29.3 billion in FY2021-22 and registered net inflows estimated at Rs72.8 billion in the financial account.** Direct investment, inclusive of Global Business Licence Holders' (GBLHs) transactions, registered net inflows of Rs76.7 billion in FY2021-22. Excluding GBLHs' transactions, investment by non-residents in Mauritius, net of repatriation, amounted to Rs11.7 billion while direct investment abroad, net of

repatriation, stood at Rs4.1 billion. The portfolio investment account, inclusive of GBLHs' transactions, recorded net outflows of Rs165.5 billion in FY2021-22, lower compared to net outflows of Rs184.6 billion in the previous financial year. The 'other investment' account, inclusive of GBLHs' transactions, posted net inflows of Rs194.3 billion compared to net inflows of Rs209.9 billion over the same period.

- 1.12 **The rupee broadly reflected developments on the global foreign exchange market as well as domestic demand and supply conditions.** On a weighted average dealt selling rate basis, between end-June 2021 and end-June 2022, the rupee depreciated by 5.4 per cent against the US dollar, partly reflecting the strength of the US dollar on international markets. In contrast, the rupee appreciated by 8.0 per cent and 7.4 per cent against the Pound sterling and euro, respectively, over the same period.
- 1.13 **Y-o-y growth in bank loans to the private sector lost some momentum, decreasing from 7.3 per cent in June 2021 to 5.0 per cent in June 2022.** Y-o-y growth in bank loans to Other Nonfinancial Corporations (ONFCs) fell from 8.6 per cent in June 2021 to -0.8 per cent in June 2022, mostly reflecting decreases in 'Accommodation and food service activities', 'Real estate activities' and 'Transportation and Storage' sectors. Y-o-y growth in bank loans to households accelerated from 5.5 per cent in June 2021 to 13.3 per cent in June 2022, reflecting an expansion of 13.7 per cent in housing loans.

Outlook

- 1.14 **Going forward, the dynamism across most economic sectors is expected to be sustained. Activity in tourism-reliant sectors, such as 'Accommodation and food service activities', 'Transportation and storage' and 'Arts, entertainment and recreation', is anticipated to return progressively to pre-pandemic levels.** Consumption spending will continue to expand while progress in public infrastructure projects will help towards keeping up investment spending, thereby supporting economic activity. Real GDP growth is projected at above 7 per cent for 2022 and at around 5 per cent for 2023. Nonetheless, the growth outlook remains subject to heightened uncertainty surrounding developments related to the Russia-Ukraine war – mostly its duration and impact on performance of the major trading partners of Mauritius, as well as on international trade and global financial markets.
- 1.15 **The recent hikes in the key repo rate are expected to prevent a de-anchoring of inflationary expectations in Mauritius. Inflationary pressures in Mauritius are expected to recede during the course of 2023,** reflecting the combined effects of monetary policy tightening, an expected reduction in international supply-demand mismatches, progressive normalisation of commodity prices globally and favourable base effects. The outlook nonetheless remains subject to uncertainty largely related to the fallouts of the Russia-Ukraine war. Headline inflation in 2023 is projected to stand in the range of 5-6 per cent.

SECTION 2

Evolution of Relevant Economic Indicators and Pertinent National Minimum Wage Ratios

- 2.1 This Section deals with the evolution of relevant economic indicators and with the evolution of certain pertinent National Minimum Wage (NMW) ratios, in the wake of the implementation of the NMW, among others.

Evolution of Gross Domestic Product and Per Capita GDP

- 2.2 The Gross Domestic Product (GDP) at market prices which compared to 2019 contracted by 14.4% in 2020 due to the lockdown, grew by 4.4% from the decreased base in 2021. It is forecasted to grow at a higher rate of 7.2% in 2022.
- 2.3 Concurrently, the per capita GDP, defined as the ratio of GDP at current market prices to population contracted to Rs 354,258 in 2020 from Rs 404,421 in 2019 in the wake of the lockdown. The Per Capita GDP is forecasted to increase by 13.2% in nominal terms from Rs 379,451 in 2021 to attain Rs 429,527 in 2022.

National Minimum Wage as a Share of GDP Per Capita

- 2.4 On the other hand, the guaranteed income under the NMW scheme has generally increased by the inflation rate annually since its introduction in 2018 and its review in 2020.

| Particulars | 2018 (Rs) | 2019 (Rs) | 2020 (Rs) | 2021 (Rs) | 2022 (Rs) |
|---|-----------|-----------|-----------|-----------|-----------|
| Guaranteed Income* (GI) (monthly) | 9,000 | 9,400 | 10,200 | 10,575 | 11,075 |
| Per Capita GDP at current mkt prices (yearly) | 395,114 | 404,421 | 354,258 | 379,451 | 429,527 |
| GI as a share of Per Capita GDP | 29.6% | 30.2% | 37.4% | 36.2% | 33.5% |

**The annual guaranteed income including the 13th month has been used for computation.*

- 2.5 **As a result, the guaranteed income under the NMW as a proportion of per capita GDP, which stood at 29.6% in 2018, increased to 37.4% in 2020 in the wake of the contraction of the per capita GDP due to the effect of the pandemic on economic activities. As the per capita GDP picked up after 2020, the ratio reached 36.2% in 2021 and is expected to stand at 33.5% in 2022.**

Compensation of Employees as a Share of GDP at Market Prices

- 2.6 'Compensation of employees', which comprises mainly wages and salaries paid in cash and kind, would increase from Rs 183.5 billion in 2021 to Rs 200.2 billion in 2022, representing a nominal increase of 9.1%. Disbursements by Government would total Rs 53.1 billion in 2022, accounting for 26.5% of the total wage bill.
- 2.7 **The proportion of compensation of employees as a share of GDP (at current market prices) increased from 35.2% in 2018 to 38.2% in 2021 and 36.8% in 2022 resulting from the**

contraction of the GDP in 2021 and its growth in 2022 coupled with the growth of the National Minimum Wage and the country's pay compensation policy as shown in the table below.

| Particulars | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Compensation of Employees (COE) (Rs billion) | 141,394 | 148,769 | 157,781 | 167,172 | 175,402 | 181,051 | 169,097 | 183,516 | 200,150 |
| GDP at mkt prices (Rs billion) | 392,062 | 409,893 | 434,765 | 457,201 | 500,047 | 511,991 | 448,495 | 480,511 | 544,043 |
| COE as a share of GDP | 36.1% | 36.3% | 36.3% | 36.6% | 35.2% | 35.4% | 37.7% | 38.2% | 36.8% |

Compensation of Employees as a Share of GVA at Basic Prices

2.8 'Gross Value Added (GVA) at current basic prices, which comprises the sum of value added of all industry groups, would reach Rs 477.1 billion compared to Rs 424.9 billion in 2021, representing a nominal increase of 12.3%. In real terms, GVA at basic prices is expected to grow by 7.9% compared to 4.2% in 2021 (SM, June 2022).'

2.9 **The proportion of compensation of employees as a share of GVA (at current basic prices) increased from 40.4% in 2018 to 43.2% in 2021 and 41.9% in 2022 resulting from the contraction of the GVA in 2021 and its growth in 2022 coupled with the growth of the National Minimum Wage and the country's pay compensation policy as shown in the table below.**

| Particulars | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Compensation of Employees (COE) (Rs billion) | 141,394 | 148,769 | 157,781 | 167,172 | 175,402 | 181,051 | 169,097 | 183,516 | 200,150 |
| GVA at basic prices (Rs billion) | 348,011 | 363,547 | 385,902 | 402,998 | 435,377 | 445,603 | 393,869 | 424,888 | 477,143 |
| COE as a share of GVA | 40.6% | 40.9% | 40.9% | 41.5% | 40.4% | 40.6% | 42.9% | 43.2% | 41.9% |

National Minimum Wage as a Share of Median – The Kaitz Ratio

2.10 The Kaitz ratio refers to the proportion of minimum wages to the mean or median wage. This measure provides an indication of how high wages are set relative to the average or median wage level for a given country.

2.11 The monthly NMW for full-time employees should as per section 5 (b) (i) of the NWCC Act 2016 be equivalent to a proportion of the domestic median wage of the preceding year for the lowest paid employees.

2.12 Table below gives the evolution of the Kaitz ratio i.e. NMW as a proportion of the Median Wage of the previous year from 2018 to 2022.

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------------|--------------|--------------|--------------|--------------|
| Median Wage* (Rs) | 13,200 | 13,600 | 14,200 | 15,200 | 16,000 | 16,900 |
| NMW payable by the employer (Rs monthly) | | 8,500 | 8,900 | 9,700 | 10,075 | 10,575 |
| NMW payable by the employer as a proportion of Median of the preceding year | | 64.4% | 65.4% | 68.3% | 66.3% | 66.1% |
| Guaranteed Income (Rs Monthly) | | 9,000 | 9,400 | 10,200 | 10,575 | 11,075 |
| Guaranteed Income as a proportion of Median of the preceding year- The Kaitz Ratio | | 68.2% | 69.1% | 71.8% | 69.6% | 69.2% |

**Full-time Employees in the Public and Private Sector*

2.13 **The guaranteed income under the NMW scheme, as a proportion of the median of the previous year that is the kaitz ratio, which was set at 68.2% in 2018 reached 69.2% in 2022. The kaitz ratio exceptionally peaked to 71.8% in 2020 due to the relatively lower increase in the median in 2019.**

2.14 The fluctuations of the proportion of NMW as a share of median are due to the inconsistent trend in the evolution of the median itself resulting from labour market changes, particularly, in the wake of the lockdown and subsequent easing of sanitary restrictions.

SECTION 3

Impact on the Labour Market

Evolution of Employment

- 3.1 Evidence continues to indicate that the implementation of the NMW has not adversely affected employment growth, in aggregate, as reported in previous Reports.
- 3.2 In fact, employment increased by 48,900 from 466,600 in Q2 2021 to 515,500 in Q2 2022 representing an increase of 10.5 per cent. This increase comprises -
- (i) Employees: 26,800
 - (ii) Employers: 24,500
 - (iii) Contributory Family Workers²: 5,700; and
 - (iv) a decrease of 8,100 own account Workers³.
- 3.3 Employment in elementary occupations⁴ as a percentage of total employment increased from 14.5 per cent in Q2 2021 to 19.1 per cent in Q2 2022, that is, by an increase of some 30,800 employees. Employment in service and sales employees registered a fall of 6,100 employees from 24.4 per cent in Q2 2021 to 20.9 per cent in Q2 2022.
- 3.4 The share of female employees in employment as a proportion of total employment remains more or less constant at around 40 per cent in Q2 2021 and Q2 2022.
- 3.5 However, the share of female employees in employment as a proportion of total economically active female employees increased from 87.5 per cent in Q2 of 2021 to 89.8 per cent in Q2 of 2022.

Wage Rate Index

- 3.6 The **Wage Rate Index (WRI)**, which gauges changes in labour costs across the economy, rose by 8.1 per cent in 2022Q2 compared to 2021Q2, reflecting higher nominal wages in the country. As the inflation rate for the financial year 2021-2022 also stood at 8.0 per cent, this indicates that the improvement in real wages has been negligible.

Employment in Export Oriented Enterprises

- 3.7 EOE's consist of enterprises formerly holding an EPZ certificate as well as enterprises manufacturing goods for export and holding a registration certificate issued by the ex-Board of Investment.

² A Contributing family worker is a person who works without pay in an enterprise operated by a family member.

³ An Own account worker is a person who operates his/her own business or trade but does not hire employees. He/She may be working alone or with the help of contributing family workers.

3.8 Tables and Charts below show the evolution of the number of enterprises and employment from year 2012 to June 2022.

| Year | No of enterprises | Employment | Change (Employment) | |
|------|-------------------|------------|---------------------|--------|
| | | | Absolute | % |
| 2012 | 330 | 54,583 | - | - |
| 2013 | 309 | 53,663 | -920 | -1.7% |
| 2014 | 300 | 54,813 | 1,150 | 2.1% |
| 2015 | 284 | 53,601 | -1,212 | -2.2% |
| 2016 | 282 | 52,602 | -999 | -1.9% |
| 2017 | 280 | 52,172 | -430 | -0.8% |
| 2018 | 263 | 49,866 | -2,306 | -4.4% |
| 2019 | 239 | 44,160 | -5,706 | -11.4% |
| 2020 | 235 | 36,736 | -7,424 | -16.8% |

| Particulars | No of enterprises | Employment | Change (Employment) | |
|-------------|-------------------|------------|---------------------|-------|
| | | | Absolute | % |
| 2021 (June) | 235 | 36,047 | -689 | -1.9% |
| 2022 (June) | 232 | 35,088 | -959 | -2.7% |

Source: SM & NWCC

3.9 Both the number of enterprises and employment, which have been on a downward trend prior to the introduction of the NMW, continued thereafter to decline.

3.10 While the number of enterprises in the EOE fell from 235 in June 2021 to 232 in June 2022, employment fell by 959 from 36,047 in June 2021 to 35,088 in June 2022.

3.11 However, the fall in employment of 959 from June 2021 to June 2022 is made up of a decrease of 1,319 foreign employees coupled with an increase of 360 Mauritian employees comprising 88 male employees and 272 female employees as shown in the table below.

Distribution of Employees by Nationality and Gender in EoEs – June 2021 to June 2022

3.12 Tables below compare the distribution of employees by nationality and gender for the period June 2021 and June 2022.

| Year 2022 (June) | Male | Female | Total | % |
|------------------|---------------|---------------|---------------|-------------|
| Mauritian | 8,187 | 11,997 | 20,184 | 57.5% |
| Foreign | 10,670 | 4,234 | 14,904 | 42.5% |
| Total | 18,857 | 16,231 | 35,088 | 100% |

Source: SM & NWCC

| Year 2021 (June) | Male | Female | Total | % |
|------------------|---------------|---------------|---------------|---------------|
| Mauritian | 8,099 | 11,725 | 19,824 | 55.0% |
| Foreign | 11,400 | 4,823 | 16,223 | 45.0% |
| Total | 19,499 | 16,548 | 36,047 | 100.0% |

3.13 **Mauritian employment in the EOE's which stood at 55.0 per cent at June 2021 increased to 57.5 per cent at June 2022.**

3.14 **Findings revealed that at June 2022 -**

(a) Mauritian employment in the EOE's is predominantly female with 11,997 representing 59.4 per cent of total Mauritian employment; and

(b) Foreign employment in the EOE's is predominantly male with 10,670 representing 71.6 per cent of total foreign employment in the EOE's.

Distribution of Enterprises and Employment by Product Group – June 2022

3.15 The number of enterprises and the employment size by product group at June 2022 are given below.

| Product group | No of enterprises – June 2022 | Employment – June 2022 |
|----------------------------------|-------------------------------|------------------------|
| food | 16 | 4639 |
| textile yarn and fabrics | 20 | 2578 |
| wearing apparel | 83 | 19,134 |
| leather products and footwear | 5 | 566 |
| wood and paper products | 10 | 484 |
| optical goods | 2 | 388 |
| electronic watches and clocks | 4 | 579 |
| electric and electronic products | 5 | 168 |
| jewellery and related articles | 12 | 899 |
| toys and carnival articles | 2 | 163 |
| flowers | 2 | 46 |
| other products | 71 | 5,444 |
| Total | 232 | 35,088 |

3.16 **Employment by product group indicates that textile, yarn and fabrics, and wearing apparel which accounted for 64.5 per cent of total employment in the EOE's in 2021 fell to 61.9 per cent in 2022.**

Unemployment

3.17 **The unemployment rate which stood at 10.5 per cent in Q2 of 2021 improved to 8.1 per cent in Q2 of 2022.**

- 3.18 The unemployment rate for male fell from 9.2 per cent to 6.6 per cent and for female from 12.5 per cent to 10.2 per cent as shown in table below.

Evolution of Unemployment Rate Q2 2021 to Q2 2022

| Both sexes | Unemployed | Total econ. active | % Unemployed |
|---------------|------------|--------------------|--------------|
| 2021 Q2 | 54.8 | 521.4 | 10.5% |
| 2022 Q2 | 45.3 | 560.8 | 8.1% |
| Male | | | |
| 2021 Q2 | 28.3 | 308.6 | 9.2% |
| 2022 Q2 | 22.2 | 334.8 | 6.6% |
| Female | | | |
| 2021 Q2 | 26.5 | 212.8 | 12.5% |
| 2022 Q2 | 23.1 | 226.0 | 10.2% |

- 3.19 The unemployment rate of young employees, which stood at 32.4 per cent in Q2 of 2021, improved to 26.1 per cent in Q2 of 2022 as shown in the table below.

Evolution of Unemployment Rate by Age Groups Q2 2021 to Q2 2022

| | Labour Force | Youth Unemployment | Unemployment Rate |
|-------------------|--------------|--------------------|-------------------|
| Both Sexes | | | |
| 2021 Q2 | 52,700 | 17,100 | 32.4% |
| 2022 Q2 | 59,400 | 15,500 | 26.1% |
| Male | | | |
| 2021 Q2 | 27,800 | 9,400 | 33.8% |
| 2022 Q2 | 32,700 | 8,300 | 25.4% |
| Female | | | |
| 2021 Q2 | 24,900 | 7,700 | 30.9% |
| 2022 Q2 | 26,700 | 7,200 | 27.0% |

- 3.20 The Council considered, as highlighted in its previous reports, that the high rate of youth unemployment is a cause for concern and requires redress.

3.21 The Council notes that the government has implemented various training programs since 2015/2016 to deal with the problem of youth unemployment in the country as follows:

| Programmes/Schemes | Aims | Eligible Candidates | Remarks |
|---|---|---|---|
| Youth Employment Programme (YEP) | <ul style="list-style-type: none"> Facilitates the transition of youth from education to the labour market Provides youth with core skills required by different sectors of the economy Enables an unemployed youth to obtain training/placement for an initial period of one year, with the possibility of permanent employment | <ul style="list-style-type: none"> Youth aged between 16 and 35 years holding the HSC with a minimum of 2 A Level or Diploma or Degree | Excludes youth possessing lower qualification than the HSC |
| Dual Training Programme (DTP) | <ul style="list-style-type: none"> Addresses the issue of labour mismatch and provides a direct match between demand and supply of companies' requirements Is a mix of practical on-the-job training and classroom studies Is tailor made for a three-year diploma/degree course | <ul style="list-style-type: none"> SC/HSC holders | |
| Trainee Engineer Scheme (TES) | <ul style="list-style-type: none"> To provide the two-year professional training under a professionally qualified engineer required for registration | <ul style="list-style-type: none"> Graduate in Engineering | |
| Small and Medium Enterprises (SME) Graduate Schemes | <ul style="list-style-type: none"> To provide graduates and diploma holders with training to increase their employability | <ul style="list-style-type: none"> Graduates/Diploma Holders | <p>From January up to 30 September 2022</p> <ul style="list-style-type: none"> - 390 Graduates - 225 Diploma Holders <p>have benefitted from the scheme</p> |

Cases of Termination of Employment reported to the Ministry of Labour, Human Resource Development and Training (MLHRDT) over period October 2021 to September 2022

- 3.22 Though net employment has increased for the period Q2 of 2021 to Q2 of 2022, it has been accompanied with termination of employment concurrently.
- 3.23 From October 2021 to September 2022, a total of 7,638 individual cases of termination of employment were reported to the Inspection and Enforcement Section and the Special Migrant Workers Unit of the MLHRDT.
- 3.24 The cases include –
- (a) 2,626 for economic reasons (closure: 762; reduction of workforce: 545; restructuring: 114; and financial difficulties: 1,205);
- (b) 5,012 for non-economic reasons (1,306 for misconduct; 1,052 for poor performance and the remaining for other reasons).
- 3.25 The highest number of job losses due to economic reasons has occurred in the Block making/Construction sector followed by the Distributive Trades sector and the Catering and Tourism sector. It is also worth noting that out of the 7,638 cases of termination of employment during this period, 1,702 were in different sectors not covered by any Remuneration Regulations, out of which 485, i.e., 28.5 %, have been attributed to economic reasons.
- 3.26 As regards inspections carried out regarding compliance with the NMW, a total of 432 enterprises in various sectors of employment were visited, covering 9750 local workers and 6824 expatriate workers. Out of the 432 enterprises visited, 1 enterprise in the ICT sector, whereby 15 workers were concerned, was found not to be compliant (**Annex IV** refers).

Expansion of the Formal Sector/Contraction of the Informal Sector

- 3.27 **Table below gives the proportion of contributing employees including self-employed to total employment for period 2017 to 2022.**

| Period | Total Employment (thousand)* | Contributors (thousand)** | % |
|---------|------------------------------|---------------------------|-------|
| 2017 Q4 | 548.0 | 351.1 | 64.1% |
| 2018 Q2 | 541.5 | 385.6 | 71.2% |
| 2019 Q2 | 553.8 | 392.2 | 70.8% |
| 2020 Q2 | 449.8 | 376.8 | 83.8% |
| 2021 Q2 | 466.6 | 374.6 | 80.3% |
| 2022 Q2 | 515.5 | 449.8 | 87.3% |

Source: Statistics Mauritius & Mauritius Revenue Authority***

- 3.28 **The proportion of the contributing Mauritian employees to total employees (full-time and part-time) including self-employed increased from 64.1 per cent in Q4 of 2017 to 80.3 per cent in Q2 2021 and 87.3 per cent in Q2 of 2022 denoting a general contraction of the informal sector.**

- 3.29 **This expansion may be partially attributed to increased adherence to social contributions to benefit from the topping up allowance under the NMW scheme, the wage assistance scheme and the self-employed assistance scheme.**
- 3.30 **The proportion of contributors to total employment net of the 8,500 contributing family workers (in respect of whom contributions to NSF/CSG are not mandatory) works out to 88.7%.**

Data Qualification

- 3.31 While the figure of total employment from SM comprises employers, employees, own account workers, contributing family workers, the figure of contributors from MRA comprises employees and self-employed.
- 3.32 **To improve the quality of analysis particularly with regard to impact of the NMW and other Government policies on the informal sector, a recommendation is being made to require the MRA to consider the advisability compile the contributors' data, in line with SM classification, in relation to employers, employees, own account employees and contributing employees.**

SECTION 4

Impact on Wage and Income Distribution and Impact on Household

- 4.1 **The implementation of the NMW has continued to raise the wage income of low-paid employees, thereby reducing income inequality. Indeed, the palma ratio, the Gini Coefficient and the inter decile ratios based on wage income, have continuously improved since 2017.**

Palma Ratio

- 4.2 **The Palma Ratio, which measures the share of monthly earnings of the top 10 percent wage earners divided by that of the bottom 40 percent, shows a decline from 2.44 in 2017 to 2.06 in 2021 and 1.91 in 2022. This means that while in 2017 the top 10 percent earned almost one and a half times more than the bottom 40 percent, in 2022 this distance had dropped to around less than one time.**

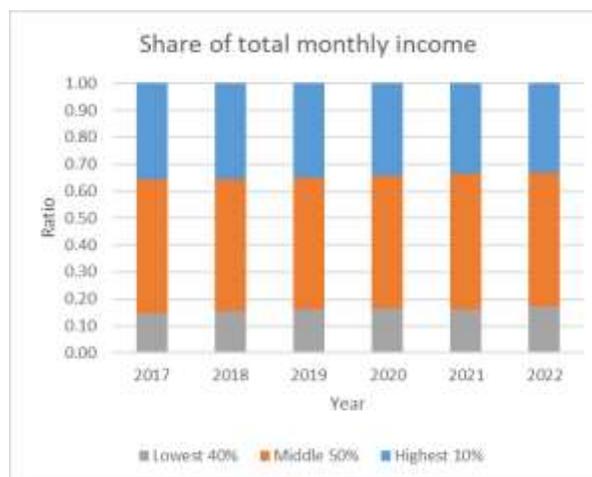
| | Total monthly income (Rs Million) | | | | | |
|--------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Highest 10% | 2,977 | 3,137 | 3,253 | 3,375 | 3,037 | 3,222 |
| Middle 50% | 4,139 | 4,306 | 4,568 | 4,827 | 4,557 | 4,832 |
| Lowest 40% | 1,221 | 1,357 | 1,488 | 1,610 | 1,474 | 1,684 |
| Total | 8,336 | 8,800 | 9,309 | 9,812 | 9,068 | 9,738 |
| Palma ratio | 2.44 | 2.31 | 2.19 | 2.10 | 2.06 | 1.91 |

Source: NWCC & SM

Share of Total Monthly Income

4.3 The share of total monthly income for the lowest (40%), middle (50%) and highest (10%) are given in the table and chart below.

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Highest 10% | 0.36 | 0.36 | 0.35 | 0.34 | 0.33 | 0.33 |
| Middle 50% | 0.50 | 0.49 | 0.49 | 0.49 | 0.50 | 0.50 |
| Lowest 40% | 0.15 | 0.15 | 0.16 | 0.16 | 0.16 | 0.17 |
| Total | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |



Source: NWCC & SM

4.4 Whereas the share of the middle 50 per cent of wage earners has remained more or less constant at around 50 per cent of the total wage income, the share of the highest 10 per cent fell from 36 per cent in 2017 to 33 per cent in 2022 while the share of the lowest 40 per cent increased from 15 per cent in 2017 to 17 per cent in 2022.

Gini Coefficient

4.5 The Gini Coefficient continued to improve from 2017 to 2022 as shown below.

Gini Coefficient Based on Employment Income, 2016 - 2022

| Measures of Income | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| Gini coefficient | 0.448 | 0.440 | 0.432 | 0.429 | 0.420 | 0.408 |

Source: Based on results of Survey on Employment and Earnings (March 2022) in large establishments and Continuous Multi-Purpose Household Survey (Q1 2022) carried out by Statistics Mauritius and data from administrative sources

4.6 The Gini Coefficient, which measures the degree of inequality in income ranges between 0 (complete equality) and 1 (complete inequality), continues to improve from 0.448 in 2017 to 0.420 in 2021 and to 0.408 in 2022.

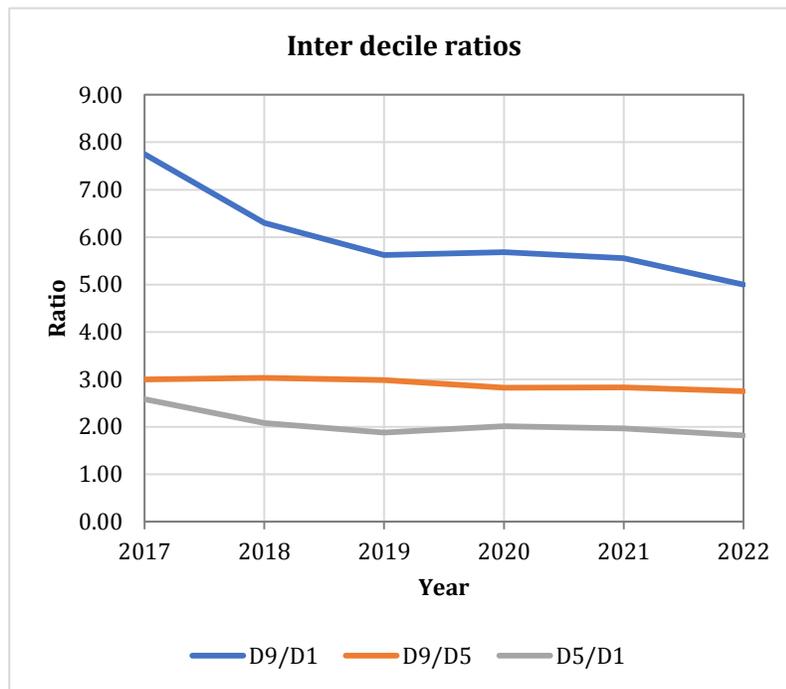
Inter Decile Ratios

4.7 The distribution of maximum income by decile for the years 2017 to 2022 is given below.

| Decile | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------|--------|--------|--------|--------|--------|--------|
| D1 | 4,996 | 6,400 | 7,600 | 7,600 | 8,100 | 9,300 |
| D2 | 7,446 | 8,600 | 9,100 | 9,800 | 10,300 | 11,000 |
| D3 | 9,152 | 9,600 | 10,400 | 11,100 | 11,600 | 12,400 |
| D4 | 10,793 | 11,100 | 12,200 | 12,900 | 13,700 | 14,400 |
| D5 | 12,910 | 13,300 | 14,300 | 15,300 | 15,900 | 16,900 |
| D6 | 15,293 | 15,900 | 17,300 | 18,100 | 19,100 | 19,600 |
| D7 | 19,144 | 19,800 | 21,000 | 22,400 | 23,700 | 23,700 |
| D8 | 25,304 | 27,000 | 28,300 | 29,400 | 30,900 | 31,700 |
| D9 | 38,720 | 40,300 | 42,700 | 43,200 | 45,000 | 46,500 |

4.8 The inter decile ratio for the years 2017 to 2022 works out as follows:

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------|------|------|------|------|------|------|
| D9/D1 | 7.75 | 6.30 | 5.62 | 5.68 | 5.56 | 5.00 |
| D9/D5 | 3.00 | 3.03 | 2.99 | 2.82 | 2.83 | 2.75 |
| D5/D1 | 2.58 | 2.08 | 1.88 | 2.01 | 1.96 | 1.82 |



Source: NWCC & SM

4.9 The introduction of the NMW in 2018 and its review in 2020 coupled with the government wage compensation policy for the period 2017 to 2022 have narrowed wage differentials as measured by the inter decile ratios as follows:

- The Decile 9/Decile 1 which is an indicator for the degree of spread across the outer segments of the wage distribution has been on a downward trend from 7.75 in 2017 to 5.56 in 2021 and 5.00 in 2022.
- The Decile 5/Decile 1 which is an indicator of bottom-half of the earning distribution has also been on a downward trend from 2.58 in 2017 to 1.96 in 2021 and 1.82 in 2022.
- The Decile 9/Decile 5 which is an indicator of the top-half of the earning distribution has equally been on a downward trend from 3.00 in 2017 to 2.83 in 2021 and 2.75 in 2022.

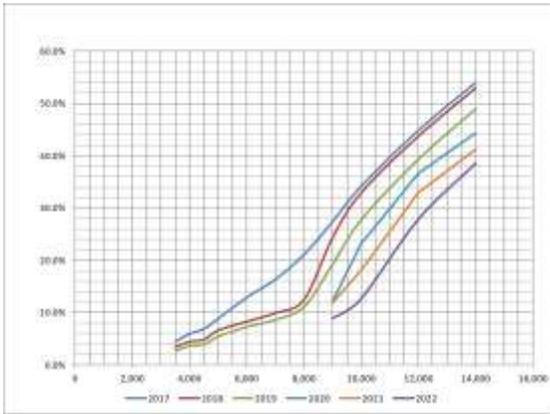
Wage Distribution

4.10 Cumulative Frequency Curves which measure the basic wages on the x-axis and the cumulative distribution of employees on the y-axis, gives an insight on the impact of NMW in raising the wage of employees in the different sectors.

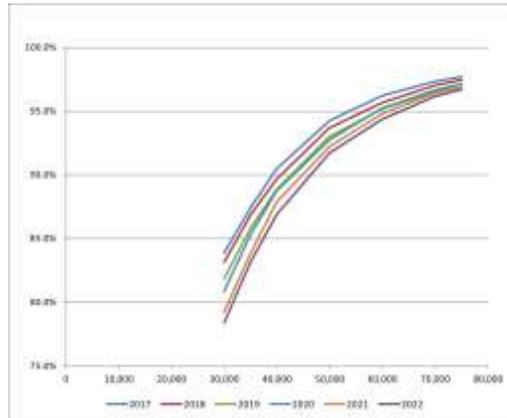
Wage Distribution by Pay Ranges in the Public and Private Sectors



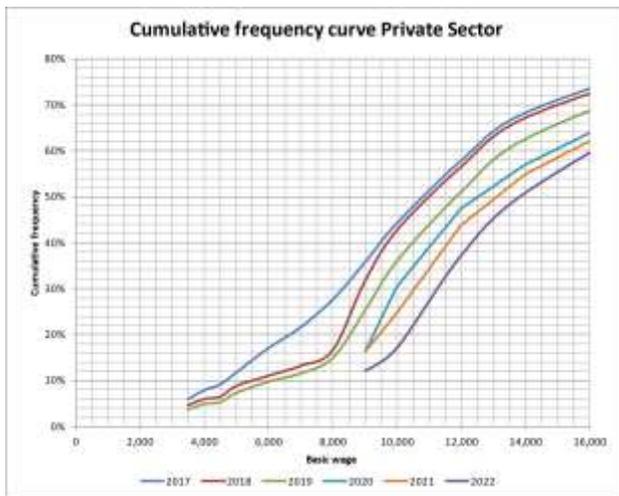
Wage Distribution – Whole Population (Rs 3,500 to Rs 14,000)



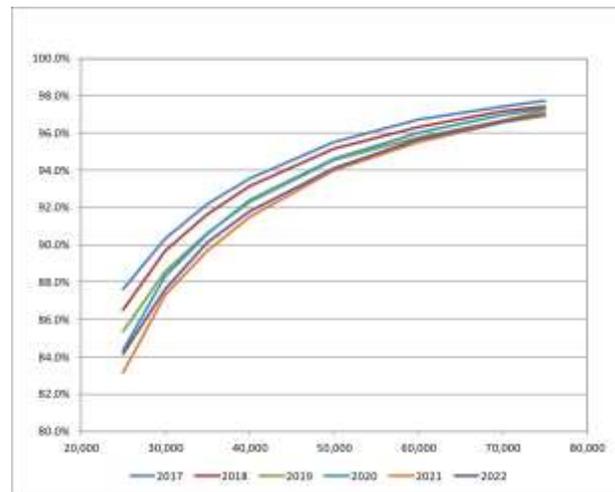
Wage Distribution – Whole Population (Rs 30,000 and above)



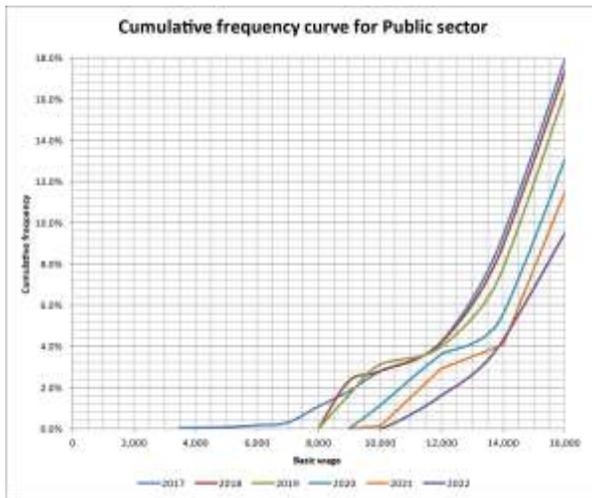
Wage Distribution – Private Sector (Rs 3,500 to Rs 16,000) (2017 to 2022)



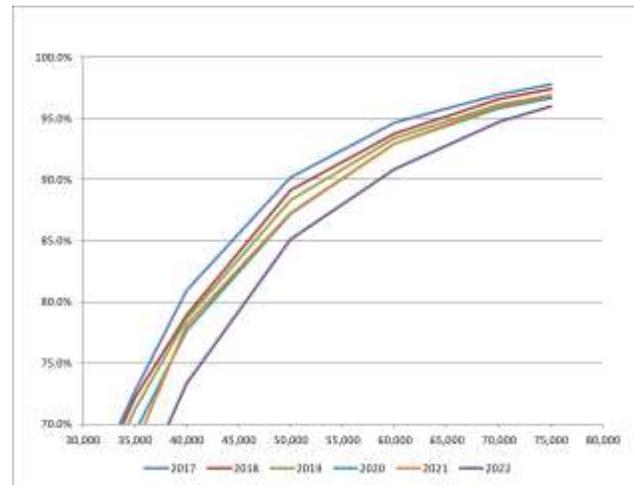
Wage Distribution – Private Sector – (Rs 20,000 and above) (2017 to 2022)



Wage Distribution - Public Sector (Rs 3,500 to Rs 16,000) (2017 to 2022)



Wage Distribution - Public Sector - Rs 30,000 and above (2017 to 2022)



Source: NWCC & SM

Cumulative Frequency Curves based on SM Data

4.11 The Cumulative Frequency Curves (CFC) which measure the basic wages on the x-axis and the cumulative distribution of employees on the y-axis, based on SM data, for the years 2017 to 2022 indicate:

- (a) a larger shift to the right at the lower end showing a movement to higher wage brackets explained by the introduction of NMW in 2018, the review of the NMW in 2020 and additional remuneration in 2019, 2021 and in 2022 for employees at the lower end;
- (b) an observable shift at levels higher than the NMW due to market adjustment of wage relativity; and
- (c) a little or no shift at the higher end due to the applicability or non-applicability of the additional remuneration or otherwise.

4.12 Council members consider that if total remuneration were taken into account instead of basic wage the shift at the higher end would be more pronounced than the observation at (c) above.

Impact on Household - Guaranteed Income and Relative Poverty Line

4.13 The guaranteed income of the NMW worker coupled with the income allowance of Rs 1,000 granted to all employees with gross income of up to Rs 50,000 a month, has improved the standard of living of household with the appropriate number of wage earners as shown at paragraph 4.16 below.

4.14 The Relative Poverty Line (RPL) for selected types of households from 2017 to 2022 are given below.

RPL for selected types of households, Republic of Mauritius, 2017 – 2022 (Rupees)

| Type of household | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|--------|--------|
| Household with 1 adult member | 7,509 | 7,700 | 7,800 | 8,000 | 8,300 | 9,200 |
| Household with 2 adult members | 12,200 | 12,600 | 12,700 | 13,000 | 13,500 | 14,900 |
| Household with 2 adults and 2 children | 17,700 | 18,300 | 18,300 | 18,800 | 19,600 | 21,600 |

Source: Statistics Mauritius

- 4.15 For household of different sizes with the appropriate number of employees, the guaranteed income continues to be higher than the respective relative poverty line as follows:
- (a) for households with one adult member who is a wage earner, the guaranteed income of Rs 11,075 has been higher than the RPL of Rs 9,200 by 20.3 per cent;
 - (b) for households with two adult members who are full-time wage earners, the guaranteed income of Rs 22,150 has been higher than the RPL of Rs 14,900 by 48.7 per cent; and
 - (c) for households with two adults and two children and two wage earners, the guaranteed income of Rs 22,150 has been higher than the RPL of Rs 21,600 by 2.5 per cent.
- 4.16 If the Rs 1,000 allowance granted by Government to all employees with gross income of up to Rs 50,000 a month is accounted for, the guaranteed income under the NMW scheme coupled with Rs 1,000 allowance would exceed the RPL as follows:
- (a) for households with one adult member who is a wage earner, the guaranteed income plus allowance granted by Government i.e., Rs 12,075 would be higher than the RPL of Rs 9,200 by 31.3 per cent;
 - (b) for households with two adult members who are full-time wage earners, the guaranteed income plus allowance granted by Government i.e., Rs 24,150 would be higher than the RPL of Rs 14,900 by 62.1 per cent; and
 - (c) for households with two adults and two children and two wage earners, the guaranteed income plus allowance granted by Government i.e., Rs 24,150 would be higher than the RPL of Rs 21,600 by 11.8 per cent.

- 4.17 The table below summarises the extent the guaranteed income (GI) exceeds the Relative Poverty Line (RPL) from 2021 to 2022 with and without the Rs 1,000 allowance.

| Household Size | Extent of GI to RPL (2021) (%) | Extent of GI to RPL (2022) (%) | Extent of GI + allowance of Rs 1000 to RPL (2022) (%) |
|--|--------------------------------|--------------------------------|---|
| Household with 1 adult member | 27.4 | 20.3 | 31.3 |
| Household with 2 adult members | 56.7 | 48.7 | 62.1 |
| Household with 2 adults and 2 children | 7.9 | 2.5 | 11.8 |

Source: Council's Computation based on SM figures

- 4.18 **In sum, while the extent the guaranteed income under the NMW exceeded the RPL for the different household sizes narrowed from 2021 to 2022 indicating a worsening of purchasing power, the extent widened when account is taken of the monthly allowance of Rs 1,000 granted to employees with gross income of up to Rs 50,000 a month, with effect from 1st July 2022, signifying an improvement in the purchasing power and standard of living of the concerned households.**
- 4.19 **Considering the foregoing, the Authorities may wish to consider the advisability of maintaining the allowance in respect of low wage workers, in the event the whole policy is reviewed in the future.**

SECTION 5

Characteristics and Location of Low Wage Employees

- 5.1 The characteristics of LW employees and their locations are key information to enable the authorities to craft strategies and to formulate policies for the improvement of the status of this category of employees.
- 5.2 This Chapter elaborates on the characteristics and location of low wage Mauritian (LWM) employees (full-time and part-time) with wages up to Rs 12,000 a month – the available pay range cut point nearest to 110 per cent of the guaranteed income under the NMW scheme. The Council's analysis is based upon employees in respect of whom contributions are made to the MRA.
- 5.3 The total number of contributors (both full-time and part-time employees) in respect of whom contributions are made to the NSF or in respect of Social Contributions under the Social Benefit Act 2021 stand at 431,396 and comprise 407,235 Mauritians and 24,161 migrants.

Characteristics of Low Wage Mauritian (LWM) Employees

- 5.4 It is noted that –
- (a) there are 111,218 contributing LWM employees (inclusive of self-employed) with wages up to Rs 12,000 a month i.e., 27.3 per cent of the 407,235 Mauritian employees contributing to the MRA.
- (b) there are 102,593 contributing LWM employees (excluding self-employed) with wages up to Rs 12,000 a month i.e., 26 per cent of the 394,636 Mauritian employees contributing to the MRA.
- (c) 53.7 per cent of the contributing LWM employees i.e., 65982 are female.
- (d) 16.5 per cent of the contributing LWM employees i.e., 20,640 are young employees (up to 24 years). This number represents 54.9 per cent of all young contributing Mauritian employees i.e., 37609.

| Particulars | LW Employees (Up to Rs 12,000) | % |
|---|---|----------|
| LW employees as a proportion of all employees (407,235) | 111,218 | 27.3 |
| Male LW employees as a proportion of all LW employees (125,286) | 59,304 | 47.3 |
| Female LW employees as a proportion of LW employees (125,286) | 65982 | 53.7 |
| Young LW employees as a proportion of LW employees (125,286) | 20,640 | 16.5 |

Contributing Low Wage Mauritian Employees by Employment Type and Pay Ranges

5.5 The share of LWM employees drawing up to Rs 12,000 by employment type is given in the table below.

| Row Labels | LW Employees drawing up to 12,000 | LW Employees as a proportion of total LW Employees | Total Contributing Employees by Employment Type | Proportion by Employment Type |
|--------------|-----------------------------------|--|---|-------------------------------|
| FT | 81814 | 79.7% | 312461 | 79.2% |
| PT | 20779 | 20.3% | 82175 | 20.8% |
| Total | 102,593 | 100.0% | 394,636 | 100.0% |

Source: MRA & NWCC

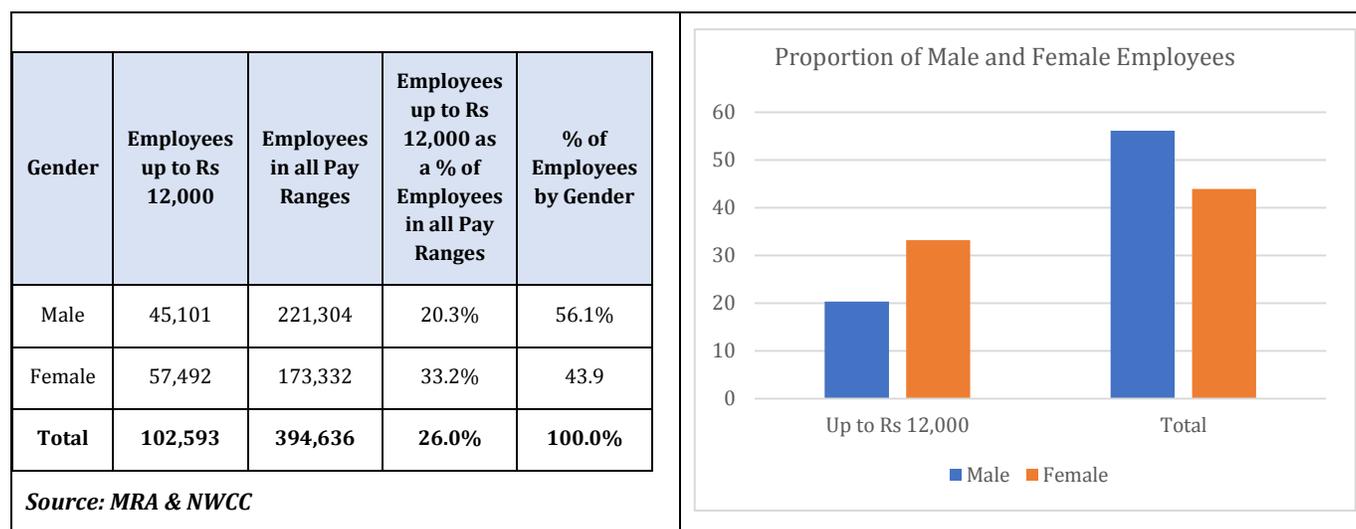
5.6 It is noted that –

(a) 20.8 per cent of the 394,636 Mauritian employees contributing to the MRA are part-time employees and 79.2 (i.e.,312,461) per cent are full-time employees; and

(b) the 102,593 contributing low wage employees comprise 20.3 per cent part time employees and79.7 per cent full-time employees.

Characteristics of Low Wage Mauritian Worker by Gender – 2022

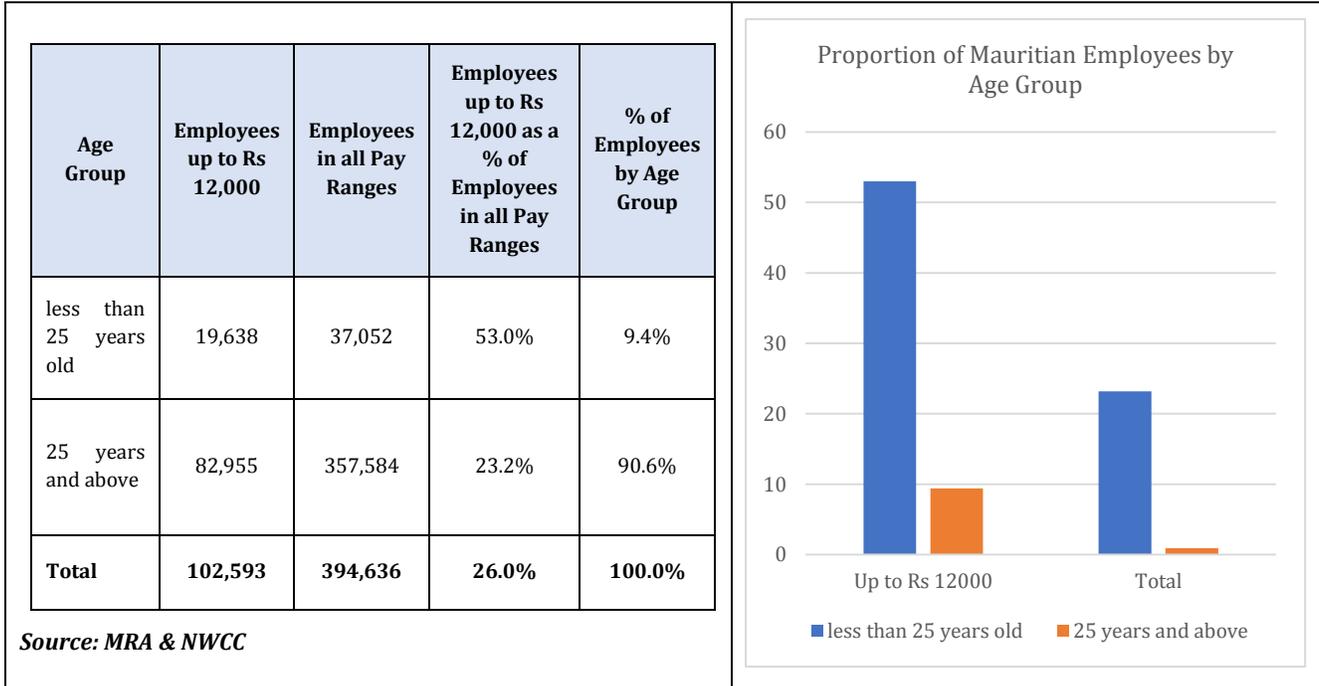
5.7 The distribution of LWM employees drawing up to Rs 12,000 and for all wage ranges by gender is given hereunder.



5.8 The table and the bar chart indicate that while, in aggregate, the proportion of female employees (43.9 %) is lower than that of male employees (56.1%), the proportion of female employees in the wage range of up to Rs 12,000 is 33.2 per cent i.e., higher than the corresponding figure for male employees which stands at 20.3 per cent indicating that LW employees comprise predominantly female employees.

Characteristics of Low Wage Mauritian Employees by Age Group - 2022

5.9 The distribution of LWM employees drawing up to Rs 12,000 and for all wage ranges by age groups is given hereunder.



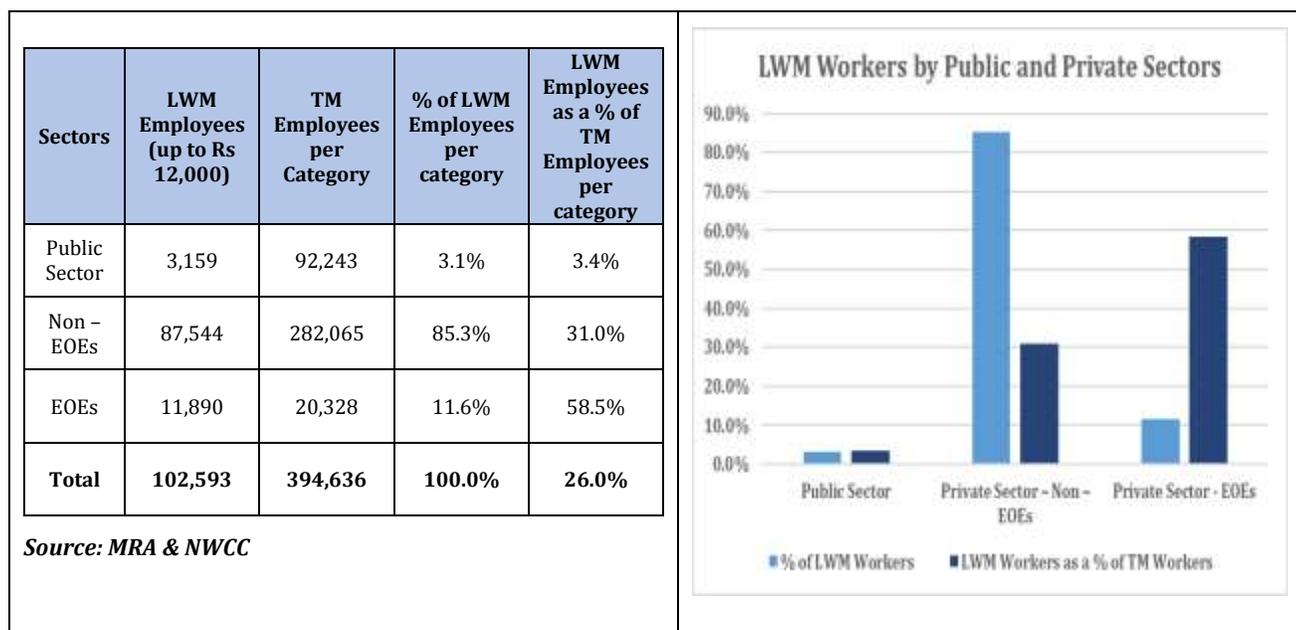
5.10 The table and the bar chart indicate that while the number of young employees less than 25 years as a proportion of total number of employees is only 9.4 per cent, the proportion of young employees in the wage range up to Rs 12,000 stands at 53.0 per cent, indicating a high concentration of the young employees among LW employees.

In sum, contributing low wage employees drawing wages up to Rs 12,000 a month which stand at 102,593

- (a) comprise 26 per cent of all contributing employees;**
- (b) are predominantly female (33.2 per cent for female employees against 20.3 per cent for male employees as a proportion of all low wage employees);**
- (c) comprise a high prevalence of young employees (53.0 per cent of all young employees); and**
- (d) comprise 79.7 per cent full-time employees and 20.3 per cent part-time employees.**

Location of Low Wage Mauritian Employees

5.11 The distribution of LWM employees drawing up to Rs 12,000 and for all wage ranges by Public and Private Sectors at June 2022 is given hereunder.

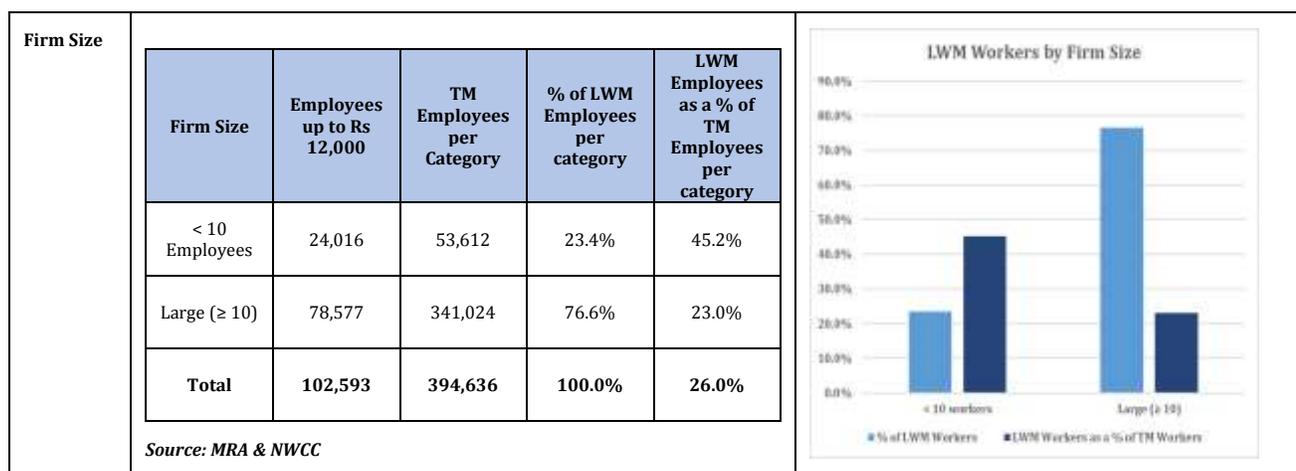


5.12 It is noted that the proportion of LW Employees with wages up to Rs 12,000 as a proportion of the respective sector stands at -

- (a) 3.4 per cent for the Public Sector;
- (b) 31.0 per cent for the Private Non-EOEs sector; and
- (c) 58.5 per cent for the Private EOE sector.

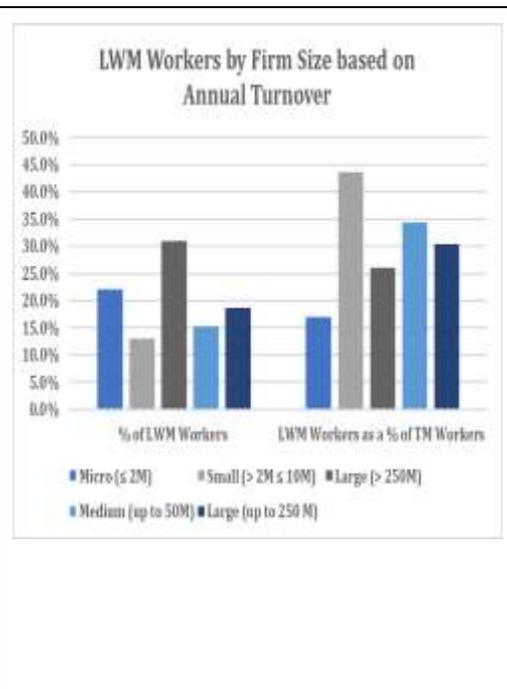
5.13 The distribution of LWM Employees drawing up to Rs 12,000 and for all wage ranges by Firm Size, Firm Size based on Annual Turnover and Industry Class at June 2022 are given hereunder.

Low Wage Employees by Firm Size



| Firm Size Based on Annual Turnover | Annual Turnover | Employees up to Rs 12,000 | TM Employees per Category | % of LWM Employees per category | LWM Employees as a % of TM Employees per category |
|------------------------------------|---------------------|---------------------------|---------------------------|---------------------------------|---|
| | Micro (≤ 2M) | 22,597 | 133,447 | 22.0% | 16.9% |
| | Small (> 2M ≤ 10M) | 13,444 | 30,770 | 13.1% | 43.7% |
| | Medium (up to 50M) | 15,627 | 45,526 | 15.2% | 34.3% |
| | Large (up to 250 M) | 19,216 | 63,249 | 18.7% | 30.4% |
| | Large (> 250M) | 31,709 | 121,644 | 30.9% | 26.1% |
| | Total | 102,593 | 394,636 | 100.0% | 26.0% |

Source: MRA & NWCC



| Industry Class | Industry Class | Employees up to Rs 12,000 | TM Employees per Category | % of LWM Employees per category | LWM Employees as a % of TM Employees per category |
|----------------|----------------|---------------------------|---------------------------|---------------------------------|---|
| | Primary | 3,082 | 9,227 | 3.0% | 33.4% |
| | Secondary | 27,375 | 67,807 | 26.7% | 40.4% |
| | Tertiary | 72,136 | 317,602 | 70.3% | 22.7% |
| | Total | 102,593 | 394,636 | 100.0% | 26.0% |

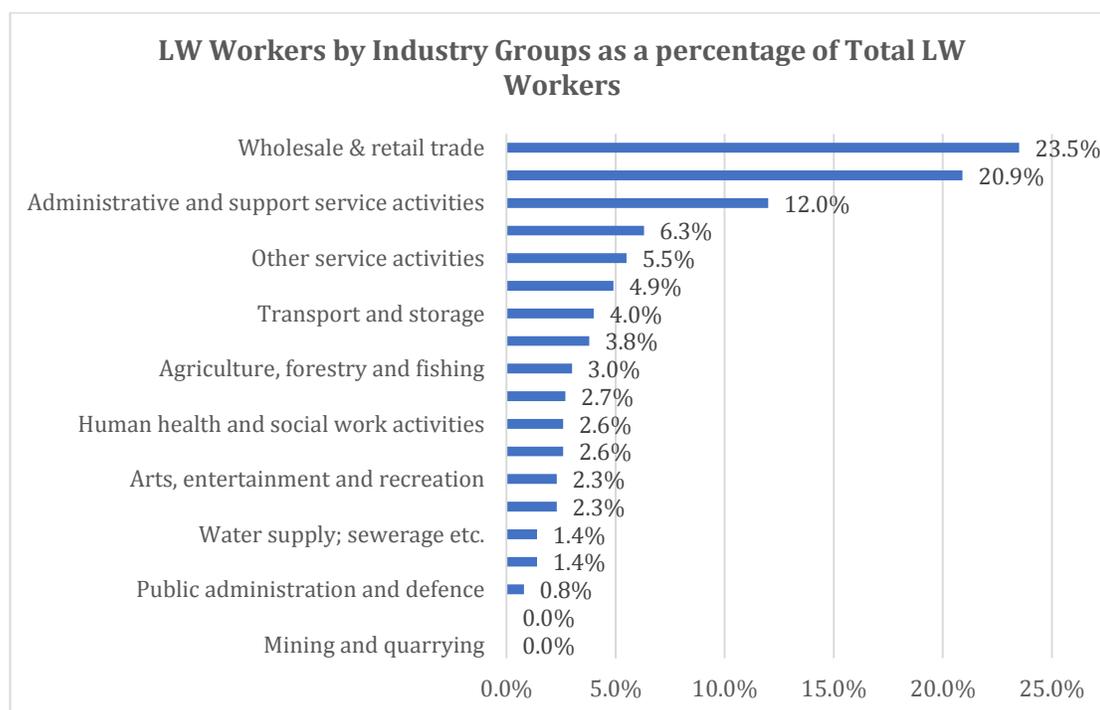
Source: MRA & NWCC



Location of Low Wage (LW) Employees by Industry Groups

5.14 As mentioned above, there are 102,593 contributing Mauritian Employees with basic wage of up to Rs 12,000 representing 26.0% of the Mauritian Employees contributing to MRA. The location of the low wage Employees as well as the total number of Employees by industry groups is given at Annex V.

LW Employees drawing up to Rs 12,000 by Industry Groups as a proportion of total LW Employees – June 2021 and June 2022



Source: MRA & NWCC

5.15 The low wage employees drawing up to Rs 12,000 by industry groups are distributed among all the industry groups. However, the following industry groups in order of highest number/proportion account for around 83.9 per cent of the low wage Employees with basic wage of up to Rs 12,000.

Low Wage Employees by Industry Group – June 2021 and June 2022

| Industry Groups | June 2021 | June 2022 |
|---|-----------|-----------|
| Wholesale & retail trade; repair of motor vehicles and motorcycles | 23.4% | 23.5% |
| Manufacturing of which Sugar, Textile, Food (exc Sugar), Other Activities | 23.2% | 20.9% |
| Administrative and support service activities | 10.8% | 12.0% |
| Other service activities | 5.6% | 5.5% |

| Industry Groups | June 2021 | June 2022 |
|---|--------------|--------------|
| Professional, scientific and technical activities | 4.9% | 4.9% |
| Transport and storage | 4.0% | 4.0% |
| Accommodation and food service activities | 3.8% | 6.3% |
| Construction | 3.5% | 3.8% |
| Agriculture, forestry and fishing | 2.9% | 3.0% |
| Total | 82.0% | 83.9% |

- 5.16 **Industry groups with highest percentage of low wage employees have remained more or less the same for years 2021 and 2022. However, 'Accommodation and food service activities' which accounted for 3.8 per cent of contributing low wage employees in June 2021 account for 6.3 per cent in June 2022.**
- 5.17 **If migrants were taken into account, the Textile sector would precede the Administrative and support service activities in terms of employment of low wage employees with 16,844 employees (8,180 Mauritian and 8,664 Migrants) drawing up to Rs 12,000 a month.**

Further, contributing low wage employees drawing wages up to Rs 12,000 a month which stand at 102,593 are found in all industry groups and located as follows:

- (a) 85.3 per cent in the non-EOEs but representing 31.0 per cent of total employees in the specific category**
- (b) 11.6 per cent in the EOE's but representing 58.5 per cent of total employees in the specific category**
- (c) 23.4% in enterprises employing less than 10 persons but representing 45.2% of total employees in the specific category;**
- (d) 76.6 per cent in enterprises employing more than 10 persons but representing 23.0 per cent of total employees in the specific category;**
- (e) 35.1% in enterprises with annual turnover of less than R 10 M but representing 71.1% of total employees in the specific category; and**
- (f) 64.9% per cent in enterprises with annual turnover of more than R 10 M but representing 28.8 per cent of total employees in the specific category.**

SECTION 6

COMPLIANCE TO THE NMW REGULATIONS

- 6.1 In this Section, the Council measures the rate of compliance and non-compliance to the NMW Regulations.
- 6.2 With effect from 1st January 2022, the national minimum wage payable by the employer in the non-EOEs and in the Public Sector stands at Rs 10,575 a month.
- 6.3 With effect from the same date, the national minimum wage payable by the employer in the EOEes stands at Rs 9,875 a month. For the NMW of Rs 9,875 in the EOEes, the basic wage component in 2022 cannot be less than Rs 7,249 for a factory employee and Rs 6,871 for a factory helper⁵.
- 6.4 Consequently, all full-time employees drawing basic wage of at least Rs 10,575 a month in 2022 in the non-EOEs and in the Public Sector are cases of compliance with the NMW Regulations. Employees in the EOEes drawing at least Rs 7,249 a month (for factory employee) and Rs 6,871 a month (for factory helper) in 2022 together with housing allowance and/or other fixed pay components bringing the remuneration to Rs 9,875 or more would be cases of compliance with the NMW Regulations.

Compliance with the National Minimum Wage Regulations

- 6.5 The compliance to the NMW Regulations is examined based on (a) the SM wage distribution of full-time Mauritian employees by basic wage range and (b) the MRA distribution of full-time employees in respect of whom contributions are made to the NSF or for Social Contributions under the Social Benefit Act 2021.
- 6.6 Table below gives the distribution of full-time employees for the public and private sectors using SM figures by basic wage ranges in 2022.

Number of Full-Time Mauritian Employees by Basic Wage Range in the Public and Private Sectors – 2022

| Basic Wage Range (Rs) | Public Sector | Cumulated No. of Employees (Public) | Private Sector | Cumulated No. of Employees (Private) | Total Cumulated No. of Employees |
|-----------------------|---------------|-------------------------------------|----------------|--------------------------------------|----------------------------------|
| Up to Rs 9,000 | 0 | 0 | 35,600 | 35,600 | 35,600 |
| 9,001 – 10,000 | 0 | 0 | 15,000 | 50,600 | 50,600 |
| 10,001 – 12,000 | 1,720 | 1,720 | 59,100 | 109,700 | 111,420 |
| 12,001 and above | 104,149 | 105,869 | 184,700 | 294,400 | 400,269 |
| Total | | 105,869 | | 294,400 | 400,269 |

Source: Council's Computation based on SM figures

⁵ a person who performs manual tasks requiring physical effort but no particular skill or aptitude and includes a cleaner, a packer and an employee, other than a trainee, who does not have the required skill and is employed to assist other employees as per Regulation 2 of the Export Enterprises (Remuneration) Regulations 2019.

- 6.7 It has been confirmed that all Employees in the Public sector are drawing the NMW or more.
- 6.8 It is estimated from the wage distribution of SM that there are some 58,000 Employees in the private sector (EoEs and non-EoEs) with basic wage of less than Rs 10,575 made up as follows:
- 50,600 full-time Mauritian employees with basic wage up to Rs 10,000 (SM); and
 - 7,400 full-time Mauritian employees with basic wage between Rs 10,001 to 10,574 based on Council's estimates.
- 6.9 It is also noted from the table below that -
- (a) there are 1,780 full-time Mauritian Employees in the EOE's whose contributions have been made on a basic wage of less than Rs 6,871 monthly, that is, the lowest prescribed basic wage of a factory helper in the Export Enterprises Remuneration Regulations. These cases would not be compliant with the NMW Regulations, unless the basic wage on which contributions have been made refer to a prorated basic wage for an acceptable reason.
- (b) there are 7,818 full-time Mauritian Employees in the EOE's whose contributions have been made on a basic wage of Rs 6,871 up to less than Rs 10,575. These cases would comply with the NMW if the basic wage together with the fixed pay components amount to at least Rs 9,875 a month.

Number of Full-Time Mauritian Employees in the EOE's Contributing to the NSF/CSG by Basic Wage Group - June 2022

| Basic Salary | No. of Full-Time Mauritian Employees |
|-----------------|--------------------------------------|
| Up to 6,870 | 1,780 |
| 6,871 - 7,248 | 348 |
| 7,249 - 10,074 | 6,924 |
| 10,075 - 10,574 | 546 |
| 10,575 - 11,635 | 1,101 |
| > 11,635 | 8,237 |
| Total | 18,936 |

Source: MRA

- 6.10 *It is, therefore, concluded that out of the 58,000 full-time Mauritian Employees earning a basic wage of less than Rs 10,575 monthly, there are about 7,818 who may be complying to the NMW in the EOE's if together with the fixed pay component the sum adds up to at least Rs 9,875.*
- 6.11 Consequently, the number of employees in respect of whom contributions are made on wages less than the NMW in the Non-EoEs and less than the lowest prescribed wage in the EOE's stand at 50,182 comprising:
- 1,780 employees in the EoEs

- 48,402 employees in the Non-EoEs
- 6.12 The MRA has drawn the attention of the NWCC to the effect that several cases where contributions are made on a prorated wage lesser than the NMW in the Non EOE's and the prescribed wage in the EOE's can be compliant to the NMW Regulations if they satisfy the reasons for contributions on a prorated basic wage.
- 6.13 In effect, it has been found that a prorated basic wage can be used to compute NSF/CSG contributions in the following instances:
- (a) In case where a worker takes up employment during a month but not on the first day of the month.
 - (b) In case where a worker resigns or retires during a month but not on the last day of the month.
 - (c) In case where a worker for one reason or another goes on leave without pay for part of the month.
- 6.14 While one may argue that cases of social contributions on prorated wages should occur but exceptionally the contrary might be true having regard to the following:
- (a) the dynamism of the labour market characterised with high turnover and with job creations and job losses taking place simultaneously.
 - (b) Some 30,800 new jobs have been created in the elementary occupations from Q2 of 2021 to Q2 of 2022. These jobs would not be eligible for paid leave during the first six months and to only one paid annual and one paid casual leave a month thereafter for the next six months.
 - (c) Some 6,100 jobs have been shed in the in the service and sales sector from Q2 of 2021 to Q2 of 2022.
 - (d) The Inspection and Enforcement Section and the Special Migrant Employees Unit of the MLHRDT has reported a total of 7,638 individual cases of termination of employment for the period October 2021 to September 2022.
- 6.15 Considering the foregoing, the NWCC, with the assistance of the MLHRDT, is carrying out an exercise to determine the proportion of those cases (where contributions have been made on a wage lesser than the NMW) that would be compliant to the NMW Regulations. In that regard, the Ministry is carrying out inspections in relevant enterprises to monitor the implementation of the National Minimum Wage and proposes to report thereon to the NWCC as early as possible.
- 6.16 Pending the outcome of the monitoring exercise carried out by the MLHRDT, it may be fair to assume that one of two cases where contributions are made on a prorated wage be considered compliant, i.e., it may be fair to apply the 50 per cent rule.
- 6.17 **Considering the foregoing the non-compliance rate which measures the proportion of cases not complying with the NMW as a proportion of the total number of full-time Mauritian Employees is estimated at -**
- (a) 12.5 per cent for the country (50,182 out of 400,269 full-time Mauritian Employees) if all employees irrespective of hours of work are considered full-time; and**
 - (b) 8.3 per cent (31,482 on 381,569 full-time Mauritian Employees) if employees who put in less than 40 hours weekly are not considered as full-time.**

SECTION 7

Characteristics and Location of Hypothetical Non-Compliant Cases⁶

- 7.1 The success of a NMW policy is measured by the extent to which the NMW Regulations are implemented and complied with.
- 7.2 To facilitate the monitoring and the implementation of the National Minimum Wage, the location and characteristics of hypothetical non-compliant (HNC) cases drawing up to Rs 10,574 in the non-EOEs and the location and characteristics of hypothetical non-compliant (HNC) cases drawing up to Rs 6,870 (factory helper) and Rs 7,248 (factory employee) in the EOE are given in the ensuing paragraphs.

Hypothetical Non-Compliant Cases in the Non-Export Oriented Enterprises (Non-EOEs)***Hypothetical Non-Compliant (HNC) Cases among Contributing Workers in the Non-EOEs***

- 7.3 The hypothetical non-compliant (HNC) cases i.e. those workers in respect of whom contributions are made on a basic wage of less than Rs 10,575 a month and the total number of contributing workers in the Non-EOEs inclusive of both the Public and the Private Sector by gender and age groups at June 2022 are given below.

| HNC* cases among Contributing Workers in the Non-EOEs – June 2022 | | | | |
|--|--------------------|----------------------------------|-------------------------------------|----------------------------------|
| Gender | Gender | HNC (up to Rs 10,574) | All Contributing Workers | % of HNC per category |
| | Male | 12,877 | 167,078 | 7.7% |
| | Female | 12,430 | 126,447 | 9.8% |
| | Total | 25,307 | 293,525 | 8.6% |
| Age Groups | Age Groups | HNC (up to Rs 10,574) | All Contributing Workers | % of HNC per category |
| | Young (≤ 24 years) | 6,500 | 30,024 | 21.6% |
| | 25 years & above | 18,807 | 263,501 | 7.1% |
| | Total | 25,307 | 293,525 | 8.6% |

Source: NWCC & MRA

⁶ Hypothetical Non-Compliant cases refer to full-time Mauritian employees where contributions for NSF/CSG have been made on a wage lesser than the National Minimum Wage

7.4 Findings revealed that:

- Female workers drawing up to Rs 10,574 as a proportion of all female workers stand at 9.8 per cent against a corresponding percentage of 7.7 for male workers.
- Young workers (less than 25 years old) drawing up to Rs 10,574 as a proportion of total number of young workers stand at 21.6 per cent against a corresponding percentage of 7.1 for workers aged 25 years and above.

Location of Hypothetical Non-Compliant Workers in the Non-EOEs

7.5 To monitor the implementation of the NMW, the number of hypothetical non-compliant contributing workers by (a) firm size based on workforce; (b) firm size based on annual turnover; and (c) industry class are given below.

| Firm Size based on Workforce | 2022 | | |
|------------------------------|---------------|-----------------------|--------------------------|
| | Firm Size | HNC (up to Rs 10,574) | All Contributing Workers |
| < 10 workers | 4,769 | 43,806 | 10.9% |
| Large (≥ 10) | 20,538 | 249,719 | 8.2% |
| Grand Total | 25,307 | 293,525 | 8.6% |

| Firm Size based on Annual Turnover | 2022 | | |
|------------------------------------|------------------------------------|-----------------------|--------------------------|
| | Firm Size based on Annual Turnover | HNC (up to Rs 10,574) | All Contributing Workers |
| Micro (≤ 2M) | 4,480 | 78,328 | 5.7% |
| Small (> 2M ≤ 10M) | 3,090 | 27,080 | 11.4% |
| Medium (> 10M ≤ 50M) | 4,077 | 40,829 | 10.0% |
| Large (> 50M ≤ 250M) | 5,572 | 55,849 | 10.0% |
| Large (> 250M) | 8,088 | 91,439 | 8.8% |
| Grand Total | 25,307 | 293,525 | 8.6% |

| Industry Class | 2022 | | |
|--------------------|----------------|-----------------------|--------------------------|
| | Industry Class | HNC (up to Rs 10,574) | All Contributing Workers |
| Primary | 738 | 6,567 | 11.2% |
| Secondary | 5,322 | 41,168 | 12.9% |
| Tertiary | 19,247 | 245,790 | 7.8% |
| Grand Total | 25,307 | 293,525 | 8.6% |

Source: NWCC & MRA

7.6 Findings revealed that:

- The proportion of hypothetical non-compliant cases in respect of whom contributions are made on a basic wage of less than Rs 10,575 a month in firms having less than 10 employees stands at 10.9 per cent against a corresponding percentage of 8.2 for firms having 10 employees or more.
- The proportion of hypothetical non-compliant cases in respect of whom contributions are made on a basic wage of less than Rs 10,575 a month ranges between 5.7 per cent for micro firms and 11.4 per cent for small firms to 8.8 per cent for large firms with annual turnover exceeding Rs 250 M annually.
- Among the hypothetical non-compliant cases in the Non-EoEs, 81.2 per cent that is 20,538 employees are found in firms with more than 10 employees and 18.8 per cent that is 4,769 employees are found in firms with less than 10 employees.

Location of Hypothetical Non-Compliant Workers by Industry Groups in the Non-EOEs

7.7 The table and the chart below give the location of hypothetical non-compliant cases by Industry Groups where contributions are made on a salary lesser than Rs 10,575 i.e. the NMW payable in the Non-EoEs.

| Industry Groups | HNC (up to Rs 10,574) | All Contributing Workers | % of HNC per category |
|---|-----------------------|--------------------------|-----------------------|
| Manufacturing - Textile | 888 | 2587 | 34.3% |
| Manufacturing - Food (Excl Sugar) | 1,291 | 6892 | 18.7% |
| Professional, Scientific and Technical Activities | 1,809 | 11113 | 16.3% |
| Construction | 1942 | 12107 | 16.0% |
| Wholesale and Retail Trade | 6,412 | 52192 | 12.3% |
| Agriculture, Forestry and Fishing | 730 | 6138 | 11.9% |
| Transport and Storage | 1,587 | 13923 | 11.4% |
| Human Health and Social Work Activities | 527 | 4867 | 10.8% |
| Administration and Support Activities | 3,570 | 35563 | 10.0% |
| Manufacturing | 1,030 | 10693 | 9.6% |

| Industry Groups | HNC (up to Rs 10,574) | All Contributing Workers | % of HNC per category |
|---|-----------------------|--------------------------|-----------------------|
| Accommodation and Food Service Activities | 1959 | 23565 | 8.3% |
| Arts, Entertainment and Recreation | 477 | 6504 | 7.3% |
| Real Estate Activities | 600 | 9556 | 6.3% |
| Other Service Activities | 599 | 10888 | 5.5% |
| Information and Communication | 565 | 11804 | 4.8% |
| Manufacturing - Other Activities | 72 | 1643 | 4.4% |
| Education | 385 | 15018 | 2.6% |
| Financial and Insurance Activities | 611 | 23997 | 2.5% |
| Manufacturing - Sugar | 54 | 2424 | 2.2% |
| Water Supply, Sewerage, Waste Management and Remediation Activities | 42 | 2400 | 1.8% |
| Public Administration and Defence; Compulsory Social Security | 146 | 26800 | 0.5% |
| Other Industrial Groups | 11 | 2851 | 0.4% |

Source: MRA & NWCC

7.8 **It is noted that**

- (a) Wholesale and retail trade has the highest number of hypothetical non-compliant cases (HNC) with wages up to Rs 10,574 (i.e., 6,412); and**
- (b) Manufacturing (Textile) has the highest percentage of hypothetical non-compliant cases (HNC) with wages up to Rs 10,574 i.e., 34.3 per cent (888 workers).**

Hypothetical Full-Time Non-Compliant Cases in the Export Oriented Enterprises (EOEs)

7.9 It is noted that out of 18,936 contributory Mauritian workers in the EOE, contributions in respect of 9 per cent have been made on a basic wage of less than Rs 6,871 and 11 per cent on a basic wage of less than Rs 7,249 as at June 2022.

Characteristics of Hypothetical Non-Compliant Cases in the EOE

7.10 The hypothetical non-compliant cases drawing up to Rs 6,870 and up to Rs 7,248 by gender and age groups are given below.

| Gender | June 2022 | | | | | |
|-------------------------------|--------------------------|---------------------------|---------------------------|--------------------------------|--|--|
| | Gender | HNC (up to Rs 6870) | HNC (Up to 7248) | All Contributing Workers | % of HNC per category (up to Rs 6870) | % of HNC per category (Up to 7248) |
| | Male | 481 | 538 | 8102 | 6% | 7% |
| | Female | 1299 | 1590 | 10,834 | 12% | 15% |
| | Total | 1780 | 2128 | 18,936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | | |
| Age Groups | June 2022 | | | | | |
| | Age Groups | HNC (up to Rs 6870) | HNC (Up to Rs 7248) | All Contributing Workers | % of HNC per category (up to Rs 6870) | % of HNC per category (Up to 7248) |
| | Young (\leq 24 years) | 225 | 258 | 1747 | 13% | 15% |
| | 25 years & above | 1555 | 1870 | 17,189 | 9% | 11% |
| | Total | 1780 | 2128 | 18,936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | | |

7.11 Findings revealed that -

- The hypothetical non-compliant cases where contributions have been made on wages up to Rs 6,870 and Rs 7,248 comprise more female (12 per cent and 15 per cent respectively) than male (6 per cent and 7 per cent respectively).
- The proportion of young workers (less than 25 years old) drawing up to Rs 6,870 stands at 13 per cent against a corresponding percentage of 9 for workers aged 25 years and above.

- The proportion of young workers (less than 25 years old) drawing up to Rs 7,248 stands at 15 per cent against a corresponding percentage of 11 for workers aged 25 years and above.

Location of Hypothetical Non-Compliant Cases in the EOE's

7.12 The hypothetical non-compliant cases where contributions have been to wages up to Rs 6,870 and Rs 7,248 by firm size, annual turnover, industrial groups and industrial class are given below.

| Firm Size based on Workforce | June 2022 | | | | |
|--|-----------------|---------------------|---------------------|--------------------------|---------------------------------------|
| | Size Firm | HNC (Up to Rs 6870) | HNC (Up to Rs 7248) | All Contributing Workers | % of HNC per category (Up to Rs 6870) |
| < 10 employees | 0 | 1 | 83 | 0 | 1% |
| ≥ 10 employees | 1780 | 2127 | 18853 | 9% | 11% |
| Total | 1780 | 2128 | 18,936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | |
| Industry Groups | June 2022 | | | | |
| | Industry Groups | HNC (Up to Rs 6870) | HNC (Up to Rs 7248) | All Contributing Workers | % of HNC per category (Up to Rs 6870) |
| Agriculture, forestry and fishing | 24 | 26 | 1245 | 2% | 2% |
| Manufacturing | 122 | 141 | 4168 | 3% | 3% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 0 | 0 | 60 | 0% | 0% |
| Food (exc sugar) | 733 | 762 | 3590 | 20% | 21% |
| Information and communication | 18 | 19 | 1050 | 2% | 2% |
| Textile | 881 | 1177 | 8709 | 10% | 14% |
| Water supply, sewerage, waste management and remediation activities | 2 | 3 | 71 | 3% | 4% |
| Others | 0 | 0 | 43 | 0% | 0% |
| Grand Total | 1780 | 2128 | 18936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | |

| Industry Class | June 2022 | | | | | |
|------------------------------------|---------------------------|---------------------|---------------------|--------------------------|---------------------------------------|---------------------------------------|
| | Industry class | HNC (Up to Rs 6870) | HNC (Up to Rs 7248) | All Contributing Workers | % of HNC per category (Up to Rs 6870) | % of HNC per category (Up to Rs 7248) |
| | Primary | 24 | 26 | 1245 | 2% | 2% |
| | Secondary | 1738 | 2083 | 16581 | 10% | 13% |
| | Tertiary | 18 | 19 | 1110 | 2% | 2% |
| | Total | 1780 | 2128 | 18,936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | | |
| Firm Size based on Annual Turnover | June 2022 | | | | | |
| | Annual Turnover | HNC (Up to Rs 6870) | HNC (Up to Rs 7248) | All Contributing Workers | % of HNC per category (Up to Rs 6870) | % of HNC per category (Up to Rs 7248) |
| | Micro ($\leq 2M$) | 755 | 869 | 3147 | 24% | 28% |
| | Small ($> 2M \leq 10M$) | 5 | 6 | 244 | 2% | 2% |
| | Medium (up to 50M) | 35 | 44 | 1298 | 3% | 3% |
| | Large (up to 250 M) | 62 | 68 | 2595 | 2% | 3% |
| | Large ($> 250M$) | 923 | 1141 | 11,652 | 8% | 10% |
| | Total | 1780 | 2128 | 18,936 | 9% | 11% |
| <i>Source: MRA & NWCC</i> | | | | | | |

7.13 Findings revealed that -

- A greater number and proportion of hypothetical non-compliant cases where contributions have been made on basic wage of Rs 7,248 (11 per cent) are found in large firms employing more than 10 employees.
- Non-compliant workers are mostly found in the Food (excluding sugar) sector with 20 per cent where contributions have been made on wages of up to Rs 6,870 and 21 per cent up to Rs 7,248 a month.
- The secondary sector has more hypothetical non-compliant cases with 10 per cent among workers drawing up to Rs 6,870 and 13 per cent among those drawing up to Rs 7248.
- Large firms with turnover of more than 250M have 10 per cent of workers in respect of whom contributions have been made on wages of up to Rs 7,248.

SECTION 8

Views of Stakeholders

Co-Existence of Mauritian Unemployment with employment of migrants.

- 8.1 Worker's representatives observe:
- (a) that unemployment of Mauritian Employees exists concurrently with employment of migrants in large numbers in several sectors ranging from retail trade to manufacturing, and from baking to construction.
 - (b) while a number of Mauritian Employees, who are qualified and reckon technical skills are not prepared to offer their services for elementary occupations and for certain jobs at the prevailing wage rates, others are opting to work abroad instead of locally due to the more favorable remuneration package or facilities in countries like Canada and Australia.

Government Employment Policies

- 8.2 Worker's Representatives have no objection to government employment policy:
- (a) to facilitate Mauritians obtaining employment abroad or locally and
 - (b) to allow and grant permit to migrants to perform work of varied nature in different sectors, particularly where Mauritians are not offering their services in sufficient numbers.
- 8.3 They however hold the view that:
- (a) when work permit is offered, the wage practised in the relevant sector should be taken into account and
 - (b) in the event the authorities propose to introduce a specific remuneration regime for migrants the principle of equal pay for work of equal value should be taken into account.

Training Schemes

- 8.4 Worker's Representatives hold the view that in future eligible candidates may not be interested in the Youth Employment Programme as there have been instances where candidates who did not receive training under the YEP have been preferred or selected for substantive employment while YEP trainees who have duly followed specific training were not considered.
- 8.5 Worker's Representatives hold the view that YEP trainees or other recognized trainees should be given some priority of consideration for appointment to substantive positions when vacancies are advertised.

Views of Academics

- 8.6 Members representing the Tertiary Institutions hold the view that training for job opportunities should be designed with emphasis on the requirements of the workplace.

Views of Employers' Representatives

8.7 Employers' representatives hold the view that the Council should, given the resources, collect primary data through field work. This would, according to enable the impact report to provide qualitative insight by including the views and sentiments gathered in selected sectors.

SECTION 9

Monitoring the Implementations of NMW and Other Recommendations

- 9.1 For the effective implementation of the NMW and for optimum compliance to the NMW Regulations, the NWCC had recommended in its Fourth Impact Report 2021 that
- (a) The Authorities consider the advisability of taking necessary measures to require employers to specify to the MRA the reasons whenever social contributions are made on a basic wage lower than the prevailing NMW; and
 - (b) The MLHRDT (i) liaises with the MRA to obtain cases where social contributions have been made on a basic wage lower than the NMW and (ii) carries out inspections in the relevant enterprises to ensure the proper implementation of the NMW.
- 9.2 The MRA has explained to the NWCC that it would not be technically possible to require employers to specify to the MRA the reasons why social contributions are made on a basic wage lower than the prevailing NMW. It has, however, submitted to the Council lists of cases where social contributions have been on a wage lower than the NMW.
- 9.3 In effect, it has been found that a prorated basic wage can be used to compute NSF/CSG contributions in the following instances:
- (a) In case where a worker takes up employment during a month but not on the first day of the month.
 - (b) In case where a worker resigns or retires during a month but not on the last day of the month.
 - (c) In case where a worker for one reason or another goes on leave without pay for part of the month.
- 9.4 With regards to recommendation 9.1(b), the MLHRDT has obtained the sectors where social contributions have been made on a basic wage lower than the NMW and it proposes to carry out inspections in the relevant enterprises to ensure the proper implementation of the NMW having regard to such cases. It is understood that the exercise shall start in January and the Council will be provided with the outcome thereof as soon as the exercise would be completed in 2023.

Improvement of Quality of Panel Data

- 9.5 The ILO had in its 2021 Report on an empirical study of the minimum wage in Mauritius: made suggestions to improve the quality of panel data prepared by SM to enable computation of conditional estimates of the impact of the NMW.
- 9.6 It was recommended, in the Council's 2021 Report, that SM be requested to take advantage of the offer of the ILO to improve the quality of its panel data and the Ministry of Labour to initiate action thereon.
- 9.7 **It is understood that SM is taking advantage of the services of the ILO to improve its panel data this year.**

Acknowledgements

The NWCC acknowledges the contributions of all stakeholders involved in the preparation of this fifth Report on the Impact of the Introduction of the National Minimum Wage (NMW). The Council places on record the contributions of Statistics Mauritius (SM) and the Mauritius Revenue Authority (MRA) for providing relevant timely data for the study; the International Labour Organisation (ILO) for its valuable assistance and for the preparation of its post Covid Report 2022; the Bank of Mauritius (BoM) for providing relevant inputs concerning the recent economic development including the evolution of relevant economic indicators; and officials of the Ministry of Labour Human Resources Development and Training (MLHRDT) for their valuable contributions.

ANNEXES

The evolution of the different components of the National Minimum Wage (NMW) Scheme from their introduction to date

Year 2018

| Sector | National Minimum Wage | Additional Remuneration | | Special Allowance (Rs) | Total Guaranteed Income | Computation of overtime, Attendance Bonus, Piece rate for EPZ RO |
|---|---|----------------------------------|------|---------------------------------|-------------------------|--|
| | | 2018 | 2019 | | | |
| Non EPZ (<i>All employees</i>) | Rs 8140 (GN 1 of 2018) | Rs 360 (GN 19 of 2017) | | Rs 500 (GN 8 of 2018) | Rs 9000 | NA |
| EPZ (<i>All employees</i>) | Rs 8140 <i>(inclusive of AR 2018)</i> (GN 1 of 2018) | | | Rs 860 (GN 8 of 2018) | Rs 9000 | Basic Wage 2017 + Rs 360 (AR 2018) (GN 7 of 2018) |

Year 2019

| Sector | National Minimum Wage | Additional Remuneration | | Special Allowance (Rs) | Total Guaranteed Income | Computation of overtime, Attendance Bonus, Piece rate for EPZ RO |
|--|--|----------------------------------|----------------------------------|----------------------------------|-------------------------|--|
| | | 2018 | 2019 | | | |
| Non EPZ (<i>Existing employees</i>) | Rs 8140 (GN 1 of 2018) | Rs 360 (GN 19 of 2017) | Rs 400 (GN 24 of 2018) | Rs 500 (GN 17 of 2019) | Rs 9400 | NA |
| Non EPZ (<i>Employees joined service in 2019</i>) | Rs 8140 (GN 1 of 2018) | Rs 360 (GN 19 of 2017) | Rs 400 (GN 24 of 2018) | Rs 100 (GN 17 of 2019) | Rs 9000 | NA |
| EPZ (<i>Existing employees</i>) | Rs 8140 <i>(inclusive of AR 2018)</i> (GN 1 of 2018) | | Rs 400 (GN 24 of 2018) | Rs 860 (GN 17 of 2019) | Rs 9400 | Basic Wage 2017 + Rs 360 (AR 2018) + Rs 400 (AR 2019) (GN 19 of 2019) |
| EPZ (<i>Employees joined service in 2019</i>) | Rs 8140 <i>(inclusive of AR 2018)</i> (GN 1 of 2018) | | Rs 400 (GN 24 of 2018) | Rs 460 (GN 17 of 2019) | Rs 9000 | |

Year 2020

| Sector | National Minimum Wage (<i>inclusive of AR 2020</i>) | Special Allowance | Total Guaranteed Income | Computation of overtime, Attendance Bonus, Piece rate for EPZ RO |
|---|---|---|-------------------------|--|
| Non EPZ (Mauritian) | Rs 9700 (GN 17 of 2020) | Rs 500 (GN 304 of 2020) | Rs 10200 | NA |
| Non EPZ (Migrant)(Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 9700 (GN 17 of 2020) | Rs 500 (GN 304 of 2020) | Rs 10200 | NA |
| Non EPZ (Migrant)(New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 9700 (GN 17 of 2020) | | Rs 9700 | NA |
| EPZ (Mauritian) | Rs 9000 (GN 17 of 2020) | Rs 860 + 340 (GN 304 of 2020) | Rs 10200 | Basic Wage 2017 + Rs 360 (AR 2018) + Rs 400 (AR 2019) + Rs 300 for Mauritians and Rs 200 for migrants (AR 2020) (GN 261 of 2019) |
| EPZ (Migrant)(Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 9000 (GN 17 of 2020) | Rs 860 (GN 304 of 2020) | Rs 9860 | |
| EPZ (Migrant) (New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 9000 (GN 17 of 2020) | | Rs 9000 | |

Year 2021

| Sector | National Minimum Wage 2020 | Additional Remuneration 2021 | National Minimum Wage 2021 | Special Allowance | Total Guaranteed Income | Computation of overtime, Attendance Bonus, Piece rate for EPZ RO |
|---|----------------------------|---|----------------------------|--|-------------------------|--|
| Non EPZ (Mauritian) | Rs 9700 | Rs 375 (GN 15 of 2021) | Rs 10,075 | Rs 500 (GN 16 of 2021) | Rs 10,575 | NA |
| Non EPZ (Migrant)(Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 9700 | Rs 375 (GN 15 of 2021) | Rs 10075 | Rs 500 (GN 16 of 2021) | Rs 10575 | NA |
| Non EPZ (Migrant)(New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 9700 | Rs 375 (GN 15 of 2021) | Rs 10075 | | Rs 10075 | NA |
| EPZ (Mauritian) | Rs 9000 | Rs 375 (made up of Rs 235 paid by employer and Rs 140 paid by MRA as special allowance) (GN 15 of 2021) | Rs 9375 | Rs 860 + Rs 340 + Rs 140 (part-payment of AR 2021) (GN 16 of 2021) | Rs 10575 | Basic Wage 2017 + Rs 360 (AR 2018) + Rs 400 (AR 2019) + Rs 300 for Mauritians and Rs 200 for migrants (AR 2020) + Rs 235 (AR 2021) (GN 17 of 2021) |
| EPZ (Migrant) (Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 9000 | Rs 375 (GN 15 of 2021) | Rs 9375 | Rs 860 (GN 16 of 2021) | Rs 10235 | |
| EPZ (Migrant) (New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 9000 | Rs 375 (GN 15 of 2021) | Rs 9375 | | Rs 9375 | |

Year 2022

| Sector | National Minimum Wage 2021 | Additional Remuneration 2022 | National Minimum Wage 2022 | Special Allowance | Total Guaranteed Income | Computation of overtime, Attendance Bonus, Piece rate for EPZ RO |
|---|----------------------------|--|----------------------------|--|-------------------------|--|
| Non EPZ (Mauritian) | Rs 10075 | Rs 500 (GN 16 of 2022) | Rs 10575 | Rs 500 (GN 19 of 2022) | Rs 11075 | NA |
| Non EPZ (Migrant)(Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 10075 | Rs 500 (GN 16 of 2022) | Rs 10575 | Rs 500 (GN 19 of 2022) | Rs 11075 | NA |
| Non EPZ (Migrant)(New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 10075 | Rs 500 (GN 16 of 2022) | Rs 10575 | - | Rs 10575 | NA |
| EPZ (Mauritian) | Rs 9375 | Rs 500 (made up of Rs 360 paid by employer and Rs 140 paid by MRA as special allowance) (GN 16 of 2022) | Rs 9875 | Rs 860 + Rs 340 + Rs 140 as specified in column 4 (GN 19 of 2022) | Rs 11075 | Basic Wage 2017 + Rs 360 (AR 2018) + Rs 400 (AR 2019) + Rs 300 for Mauritians and Rs 200 for migrants (AR 2020) + Rs 375 (AR 2021) + Rs 500 (AR 2022) (GN 33 of 2022) |
| EPZ (Migrant)(Existing) <i>(In employment on or before 31 Dec 2019)</i> | Rs 9375 | Rs 500 (GN 16 of 2022) | Rs 9875 | Rs 860 (GN 19 of 2022) | Rs 10735 | |
| EPZ (Migrant)(New) <i>(In employment on or after 1 Jan 2020)</i> | Rs 9375 | Rs 500 (GN 16 of 2022) | Rs 9875 | - | Rs 9875 | |

Approach and Methodology

1. With a view to having an objective assessment of the impact of the implementation of the NMW, the NWCC has adopted a consultative, participative and evidence-based approach. In this regard, the Technical Committee comprising representatives of Ministries/ Departments as well as the Sub Committee comprising workers' representatives, employers' representatives and officials, set up for previous Reports, were maintained to assist the Council in matters related to the Impact Study.
2. The NWCC has, in addition, carried out extensive consultations and discussions with different stakeholders and institutions to obtain information, views and comments. Due care has been taken to gauge the merits and demerits of the views and comments received from all quarters.
3. The impact assessment has been made after thorough analysis of data and/or feedback from various sources including the following:
 - Ministry of Labour, Human Resource Development and Training (MLHRDT)
 - Statistics Mauritius (SM)
 - Mauritius Revenue Authority (MRA)
 - Business Mauritius and Workers' organisations
4. The analysis of the Report covers the Non-EoEs including the public service and the private sector and the EoEs in the private sector; industrial groups; primary, secondary and tertiary sectors; as well as firms in terms of employment size and in terms of annual turnover.

GLOSSARY OF TERMS

| | |
|---|---|
| Cumulative Frequency Curve (CFC) | It measures basic wages on the x-axis and the cumulative distribution of employees on the y-axis. |
| Employment <i>(Source: SM)</i> | <p>The employed population consists of Mauritians ages 16-64 not in full time education who have worked for pay, profit or family gain for at least one hour during the reference week of a month. It includes individuals who are <u>temporarily absent</u> from work for reasons such as working time arrangements, nature of their work, public holidays, annual leave, sick leave, maternity/paternity leave.</p> <p>Individuals <u>absent for other reasons</u> such as parental leave, education leave, other personal leave, furlough, layoff, temporary disorganization or suspension of work, lack of clients, capital or materials, strike, government lockdown, quarantine, disaster, etc. are classified as employed if one of the following two conditions hold:</p> <ul style="list-style-type: none"> (i) total expected duration of absence is three months or less, (i) a worker continues to receive a remuneration (full or partial) paid by the employer. |
| Export Oriented Enterprises (EOEs) | Export Oriented Enterprises comprise enterprises formerly operating with an export certificate and those export manufacturing enterprises holding a registration certificate issued by the ex - Board of Investment. |
| Full-Time Employee | If a worker performs a number of working hours as prescribed in the relevant labour legislation or specified in his written contract of employment or agreed upon between himself and his employer, he is considered to be a full-time employee. |
| Part-Time Employee | In the event for a full-time worker a worker puts in a lesser number of hours of work than specified above, he is considered to be a part-time employee according to the Workers' Rights Act 2019. |
| Palma Ratio | The Palma ratio is a statistical tool that measures the income inequality of the country. It is obtained by dividing the share of monthly earnings of the top 10 per cent wage earners divided by the share of monthly earnings of the bottom 40 per cent. |
| GDP at Market Prices | Gross Domestic Product (GDP) at market prices is equal to the Gross Value Added at basic prices plus taxes (net of subsidies) on products. |
| Gini Coefficient | The degree of inequality in income is measured by the Gini coefficient that ranges between 0 (complete equality) and 1 (complete inequality). |
| Hypothetical Non-Compliant Cases | Hypothetical non-compliant cases refer to full-time Mauritian employees where contributions for NSF/CSG have been made on a wage lesser than the National Minimum Wage. |

| | |
|--|--|
| Interdecile Ratio | <p>Inter-decile ratios highlight the inequalities of a distribution:</p> <p>the D9/D1 ratio highlights the gap between the top (9th decile) and the bottom of the distribution (1st decile);</p> <p>the D9/D5 compares the top of the distribution to the median value;</p> <p>the D5/D1 compares the median to the bottom of the distribution.</p> |
| Labour Force | <p>Labour force or active population is made up of employed and unemployed population.</p> |
| Gross Value Added (GVA) at basic prices | <p>Gross Value Added at basic prices is obtained as the difference between output and intermediate consumption whereby output is valued at basic prices and intermediate consumption at purchasers' prices.</p> <p>The basic price is the amount receivable by the producer exclusive of taxes on products and inclusive of subsidies on products. The equivalent for imported products is the c.i.f. value, i.e. the value at the border of the importing country.</p> <p>The purchasers' price is the amount payable by the purchaser exclusive of deductible taxes on products (e.g. deductible value added tax).</p> |
| Gross Operating Surplus | <p>Gross operating surplus is defined as the excess of value added over the cost of employees' compensation and other taxes on production. This would increase by 14.9% to reach R 274.0 billion in 2022 from R 238.3 billion in 2021.</p> |
| National Minimum Wage Scheme | <p>The revised NMW scheme, as recommended by the NWCC and approved by Government for implementation with effect from 01 January 2020, provides for a guaranteed income.</p> <p>The Guaranteed Minimum Income (GMI) comprises the NMW payable by the employer and a special allowance payable by Government.</p> |
| Non-Compliance | <p>The non-compliance rate refers to the number of cases not complying to the national minimum wage as a proportion of the (a) total number of Mauritian workers; and (b) total number of Mauritian workers in the private sector.</p> |
| Primary, Secondary and Tertiary Sectors | <p>The primary sector comprises "Agriculture, forestry and fishing" and "Mining and quarrying".</p> <p>The secondary sector includes "Manufacturing", "Electricity, gas, steam and air conditioning supply", "Water supply; sewerage, waste management and remediation activities" and "Construction".</p> <p>The tertiary sector includes "Wholesale and retail trade; repair of motor vehicles and motorcycles", "Transportation and storage", "Accommodation and food service activities", "Information and communication", "Financial and insurance activities", "Real estate activities", "Professional, scientific and technical activities", "Administrative and support service activities", "Public administration and defence; compulsory social security", "Education", "Human health and social work", "Arts, entertainment, recreation" and "Other services activities".</p> |

| | |
|------------------------------------|---|
| Relative Poverty Line (RPL) | The relative poverty line is set at half median monthly household income per adult equivalent. The household income comprises disposable income and 'imputed rent' i.e. a rental value for non-renting households. Disposable income consists of income from work (paid and self-employment), transfers (e.g. government pensions and other social security benefits, regular allowances from relatives, organisations, alimony, etc.), property income and income received from own produced goods; it excludes compulsory deductions such as income tax and contributions to pension and social security schemes. |
| Unemployment Rate | Unemployment rate is the ratio (%) of unemployment to labour force. |
| Unemployment | Unemployed population comprises all Mauritians aged 16+ who are not working but who are looking for work and are available for work during the reference period. |
| Wage Rate Index | The wage rate index measures changes in the price of labour, i.e., changes in the average rates actually paid by employers to their employees for work during normal working hours. |

Annex IV

Number of enterprises visited and employees covered for the period October 2021 to September 2022

| Sector | Number of enterprises visited | Number of enterprises NMW complied | Number of enterprises NMW NOT complied | Number of local workers benefiting from NMW | Number of local workers not benefiting from NMW | EXPATRIATE | |
|-----------------------------------|-------------------------------|------------------------------------|--|---|---|--|--|
| | | | | | | Number of expatriate workers benefiting from NMW | Number of expatriate workers not benefiting from NMW |
| Attorneys and Notaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Baking Industry | 3 | 3 | 0 | 0 | 0 | 10 | 0 |
| Banks Fisherman | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Blockmaking | 16 | 16 | 0 | 1115 | 0 | 785 | 0 |
| Catering & Tourism | 34 | 34 | 0 | 1529 | 0 | 2 | 0 |
| Cinema Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cleaning Enterprises | 1 | 1 | 0 | 15 | 0 | 0 | 0 |
| Distributive Trades | 243 | 243 | 0 | 1065 | 0 | 25 | 0 |
| Domestic Workers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Electrical, Engineering, etc. | 4 | 4 | 0 | 10 | 0 | 0 | 0 |
| Export Enterprises | 30 | 30 | 0 | 3904 | 0 | 5719 | 0 |
| Factory Employees | 39 | 39 | 0 | 952 | 0 | 202 | 0 |
| Field Crop & Orchard | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Information & Communication Tech. | 1 | 0 | 1 | 0 | 15 | 0 | 0 |
| Light Metal | 10 | 10 | 0 | 389 | 0 | 47 | 0 |
| Livestock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Newspaper & Periodicals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Office Attendants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FIFTH IMPACT REPORT

| Sector | Number of enterprises visited | Number of enterprises NMW complied | Number of enterprises NMW NOT complied | Number of local workers benefiting from NMW | Number of local workers not benefiting from NMW | EXPATRIATE | |
|--|-------------------------------|------------------------------------|--|---|---|--|--|
| | | | | | | Number of expatriate workers benefiting from NMW | Number of expatriate workers not benefiting from NMW |
| Preprimary Schools | 2 | 2 | 0 | 30 | 0 | 0 | 0 |
| Printing Industry | 7 | 7 | 0 | 167 | 0 | 32 | 0 |
| Private Hospitals | 2 | 2 | 0 | 192 | 0 | 0 | 0 |
| Private Secondary Schools | 1 | 1 | 0 | 90 | 0 | 0 | 0 |
| Private Security Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Transport | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Road Haulage | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Salt Manufacturing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sugar industry (Agri) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sugar Industry (Non-Agri) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tailoring Trade | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tea Industry | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Travel Agents & Tour Operators | 2 | 2 | 0 | 4 | 0 | 0 | 0 |
| Workers covered by the Workers' Rights Act | 37 | 37 | 0 | 273 | 0 | 2 | 0 |
| | 432 | 431 | 1 | 9735 | 15 | 6824 | 0 |

Ministry of Labour, Training and Human Resource Development

Number of Mauritian workers in the Private Sector earning less than Rs 12000 by Industry Groups - June 2022

| Particulars | No. of contributors |
|--|----------------------------|
| WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES | 24,257 |
| MANUFACTURING | 22,273 |
| ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES | 11,585 |
| ACCOMMODATION AND FOOD SERVICE ACTIVITIES | 6,438 |
| PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES | 5,273 |
| OTHER SERVICE ACTIVITIES | 4,984 |
| TRANSPORT AND STORAGE | 3,971 |
| CONSTRUCTION | 3,544 |
| AGRICULTURE, FORESTRY AND FISHING | 3,039 |
| REAL ESTATE ACTIVITIES | 2,944 |
| HUMAN HEALTH AND SOCIAL WORK ACTIVITIES | 2,662 |
| FINANCIAL AND INSURANCE ACTIVITIES | 2,655 |
| EDUCATION | 2,545 |
| ARTS, ENTERTAINMENT AND RECREATION | 2,450 |
| WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES | 1,551 |
| INFORMATION AND COMMUNICATION | 1,464 |
| PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY | 908 |
| MINING AND QUARRYING | 43 |
| ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY | 7 |
| Grand Total | 102,593 |

APPENDIX

COMPOSITION OF THE NWCC BOARD MEMBERS

| SN | NAME | DESIGNATION | ORGANISATION |
|----|--|-------------------------------|---|
| 1 | Mr APPANNA Beejaye Coomar | Chairperson | National Wage Consultative Council |
| 2 | Mr BADURALLY ADAM Abdool Swaley | Temporary Deputy Director | Pay Research Bureau |
| 3 | Dr BALLAH-BHEEKA Sunita | Senior Human Resource | AfrAsia Bank |
| 4 | Ms SOOKRAM B. Bharati | Ag. Senior Statistician | Statistics Mauritius |
| 5 | Mr BENYDIN Deepak | Representative | Congress of Independent Trade Union |
| 6 | Mr BOTTE David | Human Resource Manager | Pick and Eat |
| 7 | Dr BUNDOO Sunil Kumar | Associate Professor | University of Mauritius |
| 8 | Mrs CHEUNG HI YUEN Linda Tang Chow Siong | Manager Human Resource | Ministry of Tourism |
| 9 | Mr CHUTTOO Reez | Representative | Confédération des Travailleurs des Secteurs Publique et Privé |
| 10 | Mrs DHANOOPA Naveena | Industrial Relations Officer | Business Mauritius |
| 11 | Mr DURSUN Pradeep | Chief Operating Officer | Business Mauritius |
| 12 | Dr FELICITE Louis Eric Orlando | Assistant Permanent Secretary | Ministry of Agro Industry & Food Security |
| 13 | Mr GUILDHARY Paul Desire Armand | Representative | Free Democratic Unions Federation |
| 14 | Mr LABONNE Jean Daniel | Deputy Permanent Secretary | Ministry of Industrial Development, SMEs and Cooperatives (SMEs Division) |
| 15 | Mrs JEETOO Shirine | Ag. Deputy Director | Ministry of Labour, Human Resource Development and Training (Labour and Industrial Relations) |

| SN | NAME | DESIGNATION | ORGANISATION |
|----|---------------------------------|-------------------------------------|--|
| 16 | Mr LAN HING PO Pierre | Representative | Mauritius Labour Federation |
| 17 | Mr LI YUEN FONG Jean | President | Regional Training Centre |
| 18 | Mrs MANNA Kalyanee | Ag. Principal Analyst (Industry) | Ministry of Industrial Development, SMEs and Cooperatives (Industrial Development Division) |
| 19 | Mrs LUCHMAH Nandini | Manager Human Resource | Prime Minister's Office |
| 20 | Mr PADDIA Christ | Lead Analyst | Ministry of Finance, Economic Planning and Development |
| 21 | Mr QUEDOU Dewan | President | Mauritius Trade Union Congress |
| 22 | Mrs RAJMUN-JOOSEERY Lilowtee | Director | Mauritius Export Association |
| 23 | Mr RAMASAMY Venoo Gopal | Representative | Federation of Progressive Unions |
| 24 | Dr RAMESSUR Taruna Shalini | Associate Professor | University of Mauritius |
| 25 | Mr RUHOMUTALLY Shahbaan | Human Resource Coordinator | Mauritius Export Association |
| 26 | Mr SADIEN Radhakrisna | Representative | State and Other Employees Federation |
| 27 | Mr SAHEBDIN Emam Mosadeq | President | Consumer Advocacy Platform |
| 28 | Mrs SAWMY Heemawtee Amrita | Head Remuneration Analyst | National Remuneration Board |
| 29 | Mr TENGUR Suttuhudeo | Representative | Association for the Protection of the Environment and Consumers (APEC) |

National Wage Consultative Council, Ministry of Labour, Human Resource Development and Training – Secretariat

Mr MUDHOO Vijay Kumar, Officer in Charge

Ms DEERPAUL Saveetah, Senior Analyst

Mrs ALLEGARREE-ORANGE Karene, Management Support Office

LIST OF MEETINGS HELD

| SN | TECHNICAL COMMITTEE | BOARD MEETING |
|-----------|----------------------------|----------------------|
| 1 | 04 March 2022 | 27 April 2022 |
| 2 | 28 September 2022 | 10 August 2022 |
| 3 | 21 November 2022 | 25 November 2022 |
| 4 | 16 December 2022 | 16 December 2022 |