

NATIONAL REMUNERATION BOARD

**PROPOSED RECOMMENDATIONS
ON
ADJUSTMENT OF WAGES IN RESPECT OF
EMPLOYEES WORKING IN SECTORS NOT COVERED
BY REMUNERATION REGULATIONS**



December 2024

NATIONAL REMUNERATION BOARD

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PROPOSED RECOMMENDATIONS

1. INTRODUCTION

On 04 September 2024, the then Minister of Labour, Human Resource Development & Training requested, by way of a referral, the Board to

- (i) consider the adjustment of wages in respect of employees working in sectors not covered by any Remuneration Regulations and drawing wages not more than Rs 50,000 per month
- (ii) set an initial monthly basic wage for occupations requiring the incumbents to possess a diploma or a degree

following distortions in the wage distribution resulting from the review of the National Minimum Wage.

Subsequent to the referral, the Board caused notices to be published in the Government Gazette and the media to invite written submissions from interested parties.

From the employers' side, the Board received written representations from

- (i) Business Mauritius
- (ii) Mauritius Chamber of Commerce & Industry [MCCI]
- (iii) Mauritius Finance
- (iv) Dayforce [Mauritius] Ltd
- (v) ENL & Rogers Management Services Limited [ENL]

From the employees' side, the Board received written representations from

- (i) Confederation des Travailleurs des Secteurs Publiques et Privés [CTSP]
- (ii) Federation of Progressive Unions [FPU]
- (iii) General Workers Federation [GWF]
- (iv) Century Welfare Association
- (v) A M Aaquil-E-A'Zam

2. SUBMISSION OF PARTIES AND THEIR RELEVANCE TO THE REFERRAL

The Board held public hearings and the parties were invited to depone *viva voce* to substantiate on their stand/written representations during which the workers' unions and employers' associations expressed their concerns and challenges, while at the same time navigating through the dynamic nature of activities in their operating fields.

The submissions of the parties have been summarized below:

2.1 Business Mauritius

The representative of Business Mauritius stated that the referral made by the Minister was not in conformity with the provisions of the Employment Relations Act and that the issue should have been dealt with by the National Minimum Wage Consultative Council as per S.5(b)(v) and (vi) of the National Minimum Wage Consultative Council Act.

According to Business Mauritius, the referral is contrary to section 91 of the Employment Relations Act in as much as

- (a) the referral cuts across sectors;
- (b) mechanisms do exist for the regulation of terms and conditions of employment (enterprise level review policies, collective agreements, etc);

2.1.1 The Board is of the considered view that once a referral is made to it, the law does not provide for any mechanism whereby it can decline to consider the matter. The Board in itself does not constitute the appropriate forum where a referral can be challenged.

2.2 Mauritius Finance, the Mauritius Chamber of Commerce & Industry and Business Mauritius

2.2.1 Mauritius Finance claims to cover 170 corporate operators in the Financial Services Industry licensed and regulated by the Financial Services Commission and the Bank of Mauritius and are employers to around 75%-80% of the workforce in the industry. According to the latter, there are around 23,000 professionals working in this industry.

2.2.2 Companies in sectors not covered by Remuneration Regulations provide more favourable terms and conditions, including higher basic wages, than the National Minimum Wage resulting from negotiation of a skilled labour force as well as the need to avoid a brain drain. It has been averred that the financial sector is a high-paying sector, capable of attracting personnel from other sectors

of the economy, with 40% of jobs already paying above Rs 50,000. The question for adjusting wages does not therefore arise.

2.2.3 Most companies have already made wage adjustments at their level, depending on their capacity to pay. Such increases may deter employers to give future increases and to engage in collective bargaining. According to the employers' associations, despite their willingness to pay, the greatest risk remains the disruptions in the existing total reward mechanism in place at enterprise as well as collective level, and not the capacity to absorb the adjustment as such. They are more worried about the downward drag in the market 'value' of their talent and future low pricing of the talent required in the financial sector, should government interfere through Remuneration Regulations. Being players in international market does not corroborate well with regulated remuneration. The finance sector remains dynamic and is ever-evolving. The wage adjustment may cause loss in competitiveness and productivity level.

2.2.4 It has also been highlighted that disruptions may also occur in the way and the time period of the year when salary increases are granted, which does not necessarily tally with the month of December or January, as is the case with respect to adjustments coming from government authorities. Under the existing framework in the financial sector, incremental credits and changes in benefits, including bonuses, may apply in any month of the year, depending on their internal policies.

2.3 Dayforce [Mauritius] Ltd (Dayforce) and ENL & Rogers Management Services Limited (ENL)

The Board also received written submissions from Dayforce (Mauritius) Ltd and ENL though they did not depone viva voce before the Board.

2.3.1 Dayforce stated that these statutory increases impact the organisation as their cost of doing business has been increasing significantly during the year and that these additional adjustments may raise the total cost of doing business by at least 11%.

2.3.2 On the other hand, ENL stated that the company already implements annual reviews on wages through performance management systems as well as industry benchmarks via annual remuneration surveys. In subsidiaries where applicable, wage adjustments are aligned with collective agreements. The responsibility of adjusting salaries lies with the company, which has adequate mechanisms in

place. The company emphasised the fact that such unilaterally imposed increases will inevitably pressure companies to restructure for greater efficiency through potential workforce reductions or freeze in recruitment.

2.4 Confederation des Travailleurs des Secteurs Publiques et Privés [CTSP]

The representative of the CTSP stated that more than 100,000 workers in the private sector are subject to undue prejudice and discrimination as their wages have not been adjusted following the introduction/review of the National Minimum Wage. He averred that it was high time to regularize their situation. He also proposed and elaborated on a salary review based on the levelling and broadbanding system of categorization. The Board takes note of this demand but states that this aspect cannot be considered at this stage for the purposes of the referral made before it.

2.5 General Workers Federation (GWF) and the Federation of Progressive Unions (FPU)

According to the representatives of the GWF and the FPU, employees in sectors which have not been granted wage adjustment under any specific Remuneration Regulations and all employees in state companies not being a statutory body and/or not covered by the PRB Report should be paid, as wage adjustment in July 2024, the difference between Rs 4925 and the Additional Remuneration granted in January 2024. The FPU demarcated by further proposing to also extend such a wage adjustment to workers earning a basic wage of up to Rs 75,000 per month. The FPU also proposed a structure with a broadbanding approach.

2.6 Century Welfare Association [operating a special education needs school]

The representative of the Special Education Needs School [SENS] of the Century Welfare Association, demanded that wages be reviewed and adjusted in the SENS sector while proposing a minimum wage for some categories of employees. She also advocated that the wages of categories such as manager, therapist, psychologist etc. should be prescribed in the Special Education Needs Institutions Employees (Remuneration) Regulations in order to be eligible to receive aid from the National Social Integration Foundation (NSIF).

2.6.1 Though not directly relevant to the present referral, the Board has deemed it fit to make the following observations the more so that it has been made to understand by other interested parties as well that the latter categories are subject to serious prejudice on the ground that their wages are not prescribed in the Remuneration Regulations:

(i) The Board, while making its recommendations for employees of the special education needs schools explained clearly the rationale behind not expressly prescribing wages for the aforesaid category of workers. At no point in time did the Board infer that these categories should be left out in the process.

(ii) There appears to be a misinterpretation of the provisions of the Remuneration Regulations.

2.6.2 The Board therefore invites the Minister together with the competent authority concerned to look into this issue and find an acceptable solution thereto as a matter of urgency in order to avoid further undue prejudice to the employees concerned.

2.7 Safety and Health Officers

The representative of one group of Safety & Health Officers, exposed their views and proposed that the salary review for such officers should be based on a 'differentiated salary structure' where remuneration would be in relation to experience and responsibility. The structure would be divided into several levels: Level 1, [0-3 years]; Level 2, [3-7 years], etc. He proposed a salary range from Rs 25,000 to Rs 35,000 for part-timers and from Rs 50,000 to Rs 70,000 for full-timers. He also proposed that the remuneration framework for such officers should be standardised and integrated in the *Occupational Safety & Health Act 2005*. Again, the Board takes note of their demands but is of the view that same are not relevant to the present exercise being carried out.

3. INVESTIGATION AND COVERAGE

The technical team of the NRB started its investigation in sectors/activities not governed by the 32 existing Remuneration Regulations to gauge the situation with respect to wage relativity adjustments following the latest review in the National Minimum Wage.

3.1 The Board deems it fit to highlight the following in so far as the fact gathering exercise is concerned:

(i) The activities not falling under the 32 Remuneration Regulations are very extensive. The relevance of information has been determined solely from the perspective of the referral which specifies ‘sectors not covered by any Remuneration Regulations’, therefore eliminating, by default, any sector implicitly or explicitly catered for under Remuneration Regulations. Statistics Mauritius assisted the Board to the extent possible. Based on the whole array of activities classified under NSICs¹, it appears that the coverage of the present referral would extend beyond the flourishing and highly dynamic financial services activities, duly represented during the public hearings, to a vast range of over 170 activities not presently catered for under Remuneration Regulations.

(ii) It is worth mentioning that given the timing and context, the survey response was limited by certain reluctance on the part of establishments in the absence of any legislation in this regard requiring compliance. Nevertheless, according to them, the survey was considered as an interference in their internal remuneration matters and bound to create confusions among their employees and likely to disturb the smooth functioning of their remuneration policies.

3.2 The objective of the Board in conducting this investigation was to know whether the wage relativity aspect was already being implemented and if not, the reason thereof. This would have enlightened the Board on the practice among employers despite the fact that there are no specific regulations targeting them.

3.3 The broad scope and the time constraint coupled with the difficulties encountered during the survey did not warrant the carrying on with the exercise which was not contributing towards the advancement of the recommendations. The Board therefore unanimously resolved to discontinue the fact-finding exercise and bring forward the findings of only those entities, which responded.

4. RECOMMENDATIONS

Having carefully examined all the relevant information gathered from its investigation, and having taken into account the actual context and the spirit of the labour legislations, the Board has come up with the following:

¹ National Standard Industrial Classification of Economic Activities NSIC Rev2

4.1 The Board observes that the principle of maintaining fair wage differentials between the different job categories, whether at the organizational or sectoral level, has long been a standard practice. However, with the introduction of the National Minimum Wage and its subsequent reviews – the most recent being in January 2024 - disruptions have occurred in this fundamental principle of wage relativity.

To address this issue, the authorities have revised all the 32 existing Remuneration Regulations to implement the required adjustments and re-establish equilibrium in wage structures.

Despite these measures, some employees remain disadvantaged as they belong to sectors not governed by any Remuneration Regulations.

Being aware of this, Cabinet, at its meeting of 09 August 2024, agreed that Regulations be made under the Employment Relations Act to provide for:

- (i) wage relativity adjustment for workers employed in sectors not governed by any of the Remuneration Regulations.
- (ii) an initial monthly basic wage for occupations requiring incumbents to possess a degree or a diploma.

The Board therefore considers that, though unconventional, the referral is entirely justified in the interest of ensuring fairness and objectivity.

4.2 As in any industry, enterprises differ in several aspects: size, cost structure, turnover, profitability, reward structure, capacity to pay along with their interactions to other sector-specific factors and uncertainties related to their operating fields. The introduction/review of the National Minimum Wage and along with its associated wage relativity adjustments, undeniably present challenges for both large and small businesses. Nevertheless, the Board believes that adopting the right strategies is crucial for maintaining profitability and ensuring long term sustainability. Structured and equitable remuneration of employees has proven to be one of the strategies that contributes to the success of a business. In this context, it is both logical and fair to provide appropriate ‘compensation’ to employees who, due to the fact that they are not covered by any Remuneration Regulations, have not directly benefitted from adjustments to the National Minimum Wage.

4.3 National Minimum wage is applicable to all employees irrespective of whether they are covered by specific remuneration regulations or not. Relativity adjustments have already been implemented in

the 32 existing remuneration regulations. The Board, therefore, considers that it would be most improper and unfair towards employees who do not find themselves in the prescribed sectors to be deprived of a wage relativity adjustment simply because there are no specific regulations that cater for/apply to them.

4.4 During the public hearings, employers highlighted that employees in the financial and services sectors constitute a significant proportion of workers who are not currently covered by any Remuneration Regulations. In that context and with a view to formulating its recommendations, the Board drew an analogy with employees governed by the ICT (Remuneration) Regulations, which specifically address outsourced services. The Board is of the view that if the wage adjustment provisions under the ICT (Remuneration) Regulations are applicable to workers performing specific outsourced tasks, it would be unjust and discriminatory to deny equivalent adjustments to employees performing similar tasks or functions within organisations that manage these operations in-house.

4.5 As per the averment of the representative of Mauritius Finance, most member employers are willing to implement the wage relativity adjustment and do not have any objection as such. It has however, been noted that some employers are awaiting the promulgation of the regulations before proceeding while others have stated that they are unclear about the precise amounts to be paid. The Board is also in presence of data obtained from other official sources which confirms the above findings. There are also businesses which have intimated that they do not have the capacity to pay for additional labour costs and are expecting/awaiting support from the authorities.

4.6 With respect to occupations requiring their incumbents to possess a degree or a diploma, the data reveals that, among degree holders, the basic wage offered was higher than Rs 25000 in 91% of cases. 58.8% of diploma holders were already earning above Rs 23000. The basic wages of those below these amounts, at the time of the Cabinet Decision in this regard, were adjusted upwards in both levels of jobs.

4.7 The Board therefore considers it appropriate that relativity adjustments be implemented with minimum disruption to existing remuneration frameworks, allowing enterprises to continue with

their voluntary enterprise level adjustments or increases based on their own business realities, internal and external forces.

4.8 In view of the foregoing, and to ensure fairness and transparency, the Board recommends that workers not covered by any Remuneration Regulations be granted an aggregate increase in their monthly basic wages equivalent to at least the increase in National Minimum Wage, as is the case for those covered under the Remuneration Regulations. This approach mirrors the treatment of workers covered under the Remuneration Regulations and preserves the existing wage structure, adjusting it upward solely by the change in the National Minimum Wage.

4.9 The Board accordingly recommends that the proposed provisions outlined below be applied to all employees working in sectors and/or engaged in activities not covered by any Remuneration Regulations.

4.9.1 FOR EMPLOYEES WITH A MONTHLY BASIC WAGE BELOW Rs 20,000 AS AT DECEMBER 2023

The Board recommends that such employees receive a wage adjustment equivalent to the difference between:

- (a) their monthly basic wage or salary as at December 2023, increased by 4,925 rupees; and
- (b) their monthly basic wage or salary as at January 2024, inclusive of the additional remuneration payable under the Workers' Rights (Additional Remuneration) (2024) Regulations 2024

4.9.2 FOR EMPLOYEES WITH A MONTHLY BASIC WAGE BETWEEN Rs 20,000 and Rs 50,000 AS AT DECEMBER 2023

The Board recommends that employees whose monthly basic wage or salary in December 2023 falls in the range of Rs 20,000 and Rs 50,000, be granted a monthly wage adjustment of Rs 2,925 exclusive of the additional remuneration payable under the Workers' Rights (Additional Remuneration) (2024) Regulations 2024.

4.9.3 DIPLOMA AND DEGREE HOLDERS

- (i) Where the entry requirement for any grade, occupation, job position or category is a Diploma or an equivalent qualification acceptable to the employer, the Board recommends a monthly basic wage or salary of **not less than Rs 23,000**.
- (ii) Where the entry requirement for any grade, occupation, job position or category is a first degree or an equivalent qualification acceptable to the employer, the Board recommends a monthly basic wage or salary of **not less than Rs 25,000**.

4.9.4 The Board considers it appropriate to further recommend that any salary increase granted by the employer during the year 2024 be taken into account when calculating the wage adjustment, so as to avoid imposing a double burden on the employer.

4.9.5 With respect to part-time employees, the Board recommends that their wage adjustment be calculated using the formula prescribed in the existing Remuneration Regulations.

ACKNOWLEDGEMENT

The Board extends its thanks to:

- (i) all parties and institutions or persons who, through their representations, depositions and cooperation, have contributed to help the Board reach the present recommendations;
- (ii) the members of the staff for their invaluable collaboration characterized by their relentless effort, praiseworthy commitment and professional approach; and
- (iii) the members of the supporting staff for their contribution in the recording of minutes of proceedings and making same available for reference.

18 December 2024

National Remuneration Board