

NATIONAL REMUNERATION BOARD

Blockmaking, Construction, Stone Crushing and Related Industries (Remuneration Order) Regulations

Proposed Recommendations

1. INTRODUCTION

On 7 November 2005 the Minister responsible for labour and industrial relations, after a joint reference from the Building and Civil Engineering Contractors Association (BACECA) and two trade unions of employees, the Construction, Metal & Furniture Employees Union (CMFEU) and the Private Enterprise Employees Union (PEEU), acting under section 94(1) of the Industrial Relations Act referred the Blockmaking, Construction, Stone Crushing and Related Industries (Remuneration Order) Regulations to the National Remuneration Board for its consideration.

The Board proceeded in its usual manner. Notices were published in the Gazette on 25 March 2006 and three dailies: L'Express and Le Matinal on 24 March 2006 and Le Mauricien on 23 March 2006, inviting written proposals from interested parties. Written submissions were received from, on the employers' side, the BACECA, the United Basalt Products Ltd, Flacq Basalt Products Ltd and, on the employees' side, the Construction and Allied Workers Union, Building and General Construction Workers Union, Electrical and Mechanical Workers Union, and a joint memorandum from the Construction, Metal Furniture Employees Union, the Private Enterprise Employees Union and the Federation of Progressive Unions.

The Board held public hearings. There were 16 hearing sessions. Parties deponed, were questioned and examined. The R.O. under consideration was last comprehensively revised in 2003. Taking into consideration this fact the Board asked itself whether the sector has undergone such a fundamental change as to warrant a comprehensive review after barely four years. After taking into consideration all the information at its disposal and basing itself on the submission of parties, both in their written memorandum and their oral submission, the Board concluded that a comprehensive review was not warranted. The Board opted to concentrate itself on issues not considered by the previous Board and the issue of wages.

2. OVERVIEW OF THE SECTOR

Under the umbrella of the Remuneration Order under consideration are found a number of activities that are related. These activities range from stone splitting and stone crushing to building and civil engineering works - hence the title of the R.O. The building and construction industry is characterised by firms engaged directly in the civil engineering works and firms engaged in the production of inputs such as blocks, pavements, rocksand and premixed concrete. Activities in this sector are largely dominated by construction work, which account for 80% of the total number of establishments and 77% of the total employment.

Figures available from the 2002 Census of Economic Activities gives an indication of the structure and ownership of the firms in this sector. An analysis of the small unit engaged in the construction activity points to the fact that 83% of the production units were owned by individual proprietors, while the remainder was equally distributed (5.7% respectively) between private partnership and companies. Almost 70.9% of production units employed 4 or less employees. As far as large establishments are concerned, 40.4% belonged to individual operators while 55.1% were owned by companies. A close scrutiny of the available data shows that 75% of these establishments employed less than 100 employees.

The main economic indicators for the industry for the period 2003-2007 are summarized below.

Selected Economic Indicators for the Construction Industry – 2003 to 2007

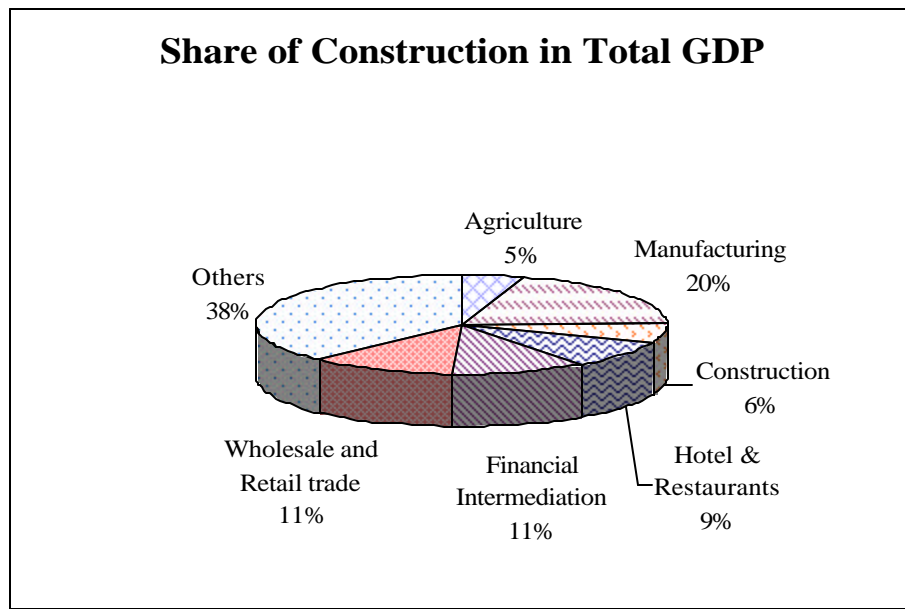
	2003	2004	2005	2006	2007
No. of Large Establishments	95	93	95	90	85
Employment ('000's)	48.0	49.1	47.0	48.4	50
Large ('000's)	14.5	15.0	12.7	13.9	14.1
Other than Large ('000's)	33.5	34.1	34.3	34.5	35.9
Foreign Workers	1248	1411	800	716	1257
Share in Total Employment	9.6%	9.7%	9.8%	9.4%	9.5
GDP at basic Prices (Rs m)	8269	8835	9099	10205	13121
Share in Total GDP	6.0%	5.8%	5.6%	5.6%	6.4%
Growth rate	+10.2%	+0.5%	-4.4%	+5.2%	+15%
Gross Domestic Fixed Capital Formation (Rs m)	610	744	699	953	1565

Minor fluctuations have been noted in the number of large firms operating in the construction industry for the period under reference. There were 95 units in 2005, registering a further decrease of 5.3% in 2006 to reach 85 in 2007. As far as foreign firms are concerned, they stood at 19 as at July 2006.

The number of persons employed by the large firms has registered an upward trend since 2001, increasing from 13,300 to 15,000 in 2004. It however decreased by 15% in the following year to pick up again by 9.4% to reach 13,900 in 2006. In 2007, the workforce of such establishments increased to 14,100. The number of foreign workers has drastically fallen by 42.6% from 1248 in 2003 to 716 in 2006. It however, climbed up again to 1257 in 2007; no doubt due to the shortage of labour in this sector. The employment figures estimated for the other than large establishments shows a smooth upward increase for the past decade. An increase of 7.2% was noted for the period 2003 to 2007. The overall share of the construction sector in total employment has remained more or less stable, with a slight decrease in 2006. In 2007, its contribution to total employment stood at 9.5%.

As a major source of capital goods in the economy, the share of building and construction work is as high as 60.3% of total investment. According to the latest economic indicators published, it was estimated that building and construction work would expand by around 12.9% in 2007. Within this category, residential building was expected to grow by 5.4% and non-residential building by 36.7%.

The construction sector contributes 6.4% towards the total GDP, with a monetary value of Rs.13,121m. Its contribution to the economy in terms of GDP registered slight decreases from 2003 to 2006, to pick up again in 2007. After a 5.2% growth registered in 2006, a growth of 12% was forecasted for 2007. The construction industry grew by a higher rate of 15%. However, with the construction and renovation of hotels and the implementation of projects under the Integrated Resort Scheme, growth in the sector is expected to be even higher.



According to the figures provided by the CSO, the price of the main materials used in construction evolved as follows for the period January 2003 to June 2007:

Cement	94.6%
Iron bars	169.3%
Rocksand Beton Washed	24%
Rocksand Crepi Washed	19.4%

The wage rate index, having as base September 2000 stood at 157.6 in 2006. However, compared to 2003, the wages have climbed up by 20.4% in 2006.

The Construction Price Index shows the change in the level of construction price of a single-storey residential building. Taking the 4th quarter of 2001 as base, the construction price index has increased by 31.8 percent and from 2003 to 2006 the index has increased by 23.9 percentage points. The index, which stood at 147.4 at the end of June 2007, increased to 150.5 in July, 151.3 in August and to 151.6 in September 2007. These increases were mostly attributable to higher wages following the salary compensation, higher prices of metal openings, timber, steel bars, sand and aggregate.

As a whole, as mentioned earlier, the construction industry is expected to grow by a higher rate of 12%, mainly due to the construction and renovation of hotels and the implementation of projects under the Integrated Resort Scheme. However, it should also be borne in mind that

the prices of materials used as inputs have also been rising quite sharply during the past few years.

2. Job Constraints/Health & Safety

The Board believes that it would not be out of place to highlight the different conditions employees are called upon to work in. The main problems the employees may encounter are as follows:

- Too much responsibility, stressful
- Long standing hours
- Tiresome
- Mental & Physical Stress
- Carrying of heavy load
- Weathering (sun, rain, wind)
- Very hazardous and noxious chemical environment

It is worth mentioning as regards the large companies that every, if not all, steps are taken by the Management and efforts made by the employees to ensure a risk-free or zero-accident zone at their workplace. Furthermore, employees are issued with appropriate safety equipment with the obligation to wear same at all time and to adhere strictly to all safety norms according to respective security zones.

3. Organisation

3.1 Employer

There were, as at December 2006, 331 building contractors registered with the Ministry of Public Infrastructure, Land Transport & Shipping. Registered contractors are classified according to a grade system. There are 10 grades from A to G. There were, as at 31 December 2006, 39 graded A contractors, 26 grade B and the remaining 266 spread between grade D to G.

3.1.1 Organisation of Employers

There are two organizations that defend the interest of employers in the sector: the Building and Civil Engineering Contractors Associations (BACECA) and Association of Contractors.

The BACECA is a registered union of employers in the building and construction industry. Membership of the union is opened to ‘contractors engaged in the design and execution of building and civil engineering works in all other trades associated therewith’. There are three categories of members. According to the list filed before the National Remuneration Board, the union had a membership of 15, of whom 13 were grade A contractors and 2 grade B contractors. The union therefore represents less than 33% of registered contractors. 44% of grade A contractors were members of the union as against less than 10% for grade B contractors. Other grades were not represented.

Representatives of the Association of Contractors did not file any document. The Board does not know whether the said association has the status of trade union or not. According to the deposition of the Association’s representative, around 30 contractors are members of the Association.

3.2 Unions of Employees

In 2002, the National Remuneration Board’s technical team wrote: “The workforce in this sector is fragmented, unorganized and highly heterogeneous. The unions were represented in only 9 out of 37 enterprises visited. Consequently, merely 18.6% of the workers were unionized”. The level of unionization in Mauritius is about 18%. The present Board considers the level of unionization in the sector to be near the national mean of 20%.

3.2.1 Agreement Between BACECA and Unions of Employees

There is a procedural agreement (the agreement) between the union of employers and the two unions of employees CMFEU and PEEU. In virtue of the agreement, parties agree:

- (i) That collective agreement reached between them as regard wages and related matters
 - Shall be registered under section 86 of the Industrial Relations Act
 - Shall be subject to extension by an order made by the Tribunal
- (ii) to discuss matters covered by the R.O. with a view to submit joint proposals to the Minister of Labour for periodical revision.
- (iii) When an application if made to the Tribunal under S87 IRA for extension of collective agreement, parties agree to ‘submit that the other contractors be called to join in the dispute.

The first collective agreement between employers and unions of employees was signed on 31 July 2000 and extended to all grade A and B contractors following an application made to the Tribunal in pursuance to the agreement.

In 2005, the Unions of employees seized the Tribunal asking it to adjudicate on a number of issues relating to conditions of employment and asking that the decision be made applicable to the whole industry so as to ensure a minimum equal treatment to workers performing similar jobs in the industry and to set up a level playing field.

In its reply BACECA (herein after referred as the Respondent) stressed on the fact that “the stand of the respondent has always been that any collective agreement which may be reached with trade unions would not be implemented until and unless it was first extended to the whole construction sector. This is essential in order to safeguard the interest of contractors who are members of respondent association given the fierce competition which exists within the industry and so as to ensure a level playing field.”

The matter came before the Tribunal on no less than 4 occasions. At one time counsel for respondent moved to put into cause all contractors but he never submitted any list before the Tribunal.

On 7 June 2006 the application was withdrawn. As mentioned earlier the present R.O. came before the Board as a result of ‘a joint reference’ made to the Minister by BACECA and two abovementioned unions. Even though the term of reference was to comprehensively review the R.O., both Unions and the BACECA attempted to restrict the Board’s intervention and Board’s mandate to the issue of wage increase only, which to all intent and purpose had already been agreed between the two. The Board, naturally, did not allow its function to be usurped: the Board’s mandate is to determine the minimum condition of employment and this mandate will discharge without fear or favour. On this issue the Board wishes to commend the MEF’s representative for his stand.

4 ISSUES AND RECOMMENDATION

The main issues before the Board were:

1. splitting the Remuneration Order to cater for different firms of different sizes;
2. splitting the Remuneration Order to cater for conditions of employment in different but related industries;

3. issues related to the improvement of conditions of employment, and
4. increase in wages.

The Board notes that these issues are not new. So far as issue 1 is concerned the Board wishes to remind parties that its mandate is to propose minimum conditions of employment and wages in a particular industry. Simply put, this means that the Board recommends condition which after careful study it considers as a floor below which is not humanly acceptable. A large establishment having the financial resources may give better conditions of employment and a higher salary/wage to its employees. Depending on their ability to pay, an establishment may improve on the minimum.

Issue number 2 was raised before the Board in 1993. The then Chairperson of the National Remuneration Board wrote: 'Activities in the Blockmaking, Stone crushing and Other Related Industries are directly linked to those in the Construction industry. This sector is sensitive to the good and bad fortunes of the construction industry which, in turn, fluctuates with the rate of growth of the economy.' It is worth remembering that prior to 1993 there were two pieces of legislation governing this sector: the Construction Industry Remuneration Order Regulation and the Blockmaking, Stone Crushing Remuneration Order Regulation and, as the Board observed then, most of the categories of workers covered in one regulation also figured in the other. For these reasons the Board in 1993 recommended that only one piece of legislation should govern the 'two sectors' and the present Board sees no reason to differ.

Issues concerning improvement in the condition of employment generally and increase in wages in particular are recurrent theme before the Board. As mentioned earlier on, the present R.O. was last revised in 2003. For the present exercise the Board, after taking into consideration the following:

1. the information at its disposal;
2. the deposition of parties;
3. the quest for harmonisation of condition of employment;
4. the parameters laid down in section 47 of the Industrial Relations Act, and
5. the specificity of the sector and the context and future prospects

proposes to make the hereunder recommendations.

However, before attending to the core issues of wages and conditions of employment, the Board wishes to propose certain configuration changes with a view, on the one hand, to

reflecting the evolution that has occurred in the sector since the last revision and, on the other hand, to bringing more coherence within the First Schedule to the Regulations.

(A) Preliminaries

The Board **recommends that reference to *gender* be removed wherever such reference appears.**

(B) Conditions of employment

The Board proposes to proceed in two stages, the first one dealing with a number of items subject matter of a harmonization process initiated a few years back, and the second dealing with the rest of the issues raised before the Board and which require to be adjudicated upon in line with the specificities of the particular sector.

1. Recommendations in the quest of harmonization

These recommendations concern items that have a marked social bearing and, as such, ought, in the opinion of the Board, to apply indiscriminately to all sectors of activity unless compelling reasons warrant a different treatment in a particular sector. It is unfortunate that, under the present legislation, they cannot be extended outright to all sectors.

1.1 Special leave

The Board **recommends that the following be grouped under the same heading special leave: “Where an employee has remained in continuous employment with the same employer for 12 consecutive months he shall be entitled to–**

- (a) 6 working days leave on full pay on the occasion of first civil or religious marriage;**
- (b) 3 days leave on full pay on the occasion of –**
 - (i) the marriage of his child;**
 - (ii) the death of his spouse, child, father, mother, brother or sister.”**

1.2 Meal Allowance

The Board **recommends that the allowance be increased to Rs.50 in line with its most recent recommendations.**

1.3 Overseas Leave

The Board, concerned as ever with, on the one, hand the existence of a provision in the R.O. which can hardly find application on account of the costs involved in funding an overseas holiday and, on the other hand, the necessity for an employee to have a break after a certain length of loyal service, opts once more for consistency with its previous recommendations. The Board therefore **recommends that:**

- (i) the title “overseas leave” be repealed and replaced by “vacation leave”, the word “overseas” be replaced wherever it appears by the word “vacation”, and such vacation to be spent locally or abroad, at the employee’s choice;**
- (ii) the eligibility period be reduced to 10 years continuous employment.**

1.4 Gratuity at death or on retirement before 60 on medical grounds

The Board **recommends that, in conformity with its corresponding recommendation in the latest reviewed R.Os, the eligibility period be 5 years instead of 10 years.**

2. Wages

Apart from being guided by the parameters contained in section 47 of the Industrial Relations Act, the Board has given particular attention to the following factors:

- The creation and protection of employment;
- The erosion of purchasing power since the last revision of the sector in 2003;
- The context and prospects in which the enterprises falling under the Remuneration Order proposed by the Board are evolving;
- The well-established principle of wage determination on a sectoral basis governing the Board’s action, that is fixing of a minimum wage according to the prosperity and the paying capacity of each sector; and
- The need to provide motivating wages to employees.

In the light of the above, the Board made up the following recommendations as per **Annex I.**

5. Acknowledgement

The Board extends its thanks to:

- (i) all parties and other institutions or persons who, through their representations, depositions and cooperation, have greatly contributed to help the Board reach the present proposals;
- (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 February 2008

Table of wages

PART I		
Category of worker		Monthly Wages
Administrative Staff-		
1 <i>Accounts Clerk, Store and Tool Keeper, Timekeeper</i>	1st Year	8575
	2nd Year	8760
	3rd Year	8945
	4th Year	9130
	5th Year	9315
	6th Year	9500
	7th Year	9685
	8th Year & thereafter	9870
2 <i>Clerk</i>	1st Year	7630
	2nd Year	7855
	3rd Year	8080
	4th Year	8305
	5th Year	8530
	6th Year	8755
	7th Year	8980
	8th Year & thereafter	9210
3 <i>Weighbridge Clerk</i>	1st Year	7340
	2nd Year	7560
	3rd Year	7780
	4th Year	8000
	5th Year	8225
	6th Year	8450
	7th Year	8675
	8th Year & thereafter	8910
4 <i>Word Processing Operator</i>	1st Year	7230
	2nd Year	7455
	3rd Year	7680
	4th Year	7905
	5th Year	8135
	6th Year	8365
	7th Year	8595
	8th Year & thereafter	8825

5	<i>Receptionist / Telephonist</i>	1st Year	6285
		2nd Year	6500
		3rd Year	6715
		4th Year	6930
		5th Year	7145
		6th Year	7365
		7th Year	7585
		8th Year & thereafter	7805

PART I

Category of worker		Monthly Wages
6	<i>Learner</i>	
	<i>First 3 months</i>	5980
	<i>Next 3 months</i>	8410

PART II**Non - Administrative Staff-**

1	<i>Chief Foreman</i>	11970	
2	<i>Foreman</i>	1st Year	9750
		2nd Year	9980
		3rd Year	10210
		4th Year	10440
		5th Year	10670
		6th Year	10900
		7th Year	11135
		8th Year & thereafter	11370

Daily Wages

3	<i>Leading Hand</i>	1st Year	357.00
		2nd Year	360.75
		3rd Year	364.50
		4th Year	368.25
		5th Year & thereafter	372.00
4	<i>Plant Operator</i>	1st Year	332.00
		2nd Year	338.00
		3rd Year	344.00
		4th Year	350.00
		5th Year & thereafter	356.00

5	<i>Multiskilled Employee</i>	1st Year	319.00
		2nd Year	326.50
		3rd Year	334.00
		4th Year	341.50
		5th Year & thereafter	349.00
6	<i>Skilled Employees (Sup. Grade) Barbender, Blacksmith, Carpenter, Electrician, Mason, Mechanic, Painter, Turner, Welder and any other employee possessing the same level of skill in allied occupations</i>	1st Year	344.00
		2nd Year	350.00
		3rd Year	356.00
		4th Year	362.00
		5th Year & thereafter	368.00

PART II

Category of worker		Daily Wages
<i>Skilled Employees (Grade I) Barbender, Blacksmith, Carpenter, Electrician, Mason, Mechanic, Painter, Turner, Welder and any other employee possessing the same level of skill in allied occupations</i>	1st Year	332.00
	2nd Year	334.50
	3rd Year	337.00
	4th Year	339.50
	5th Year & thereafter	342.00
<i>Skilled Employees (Grade II) Barbender, Blacksmith, Carpenter, Electrician, Mason, Mechanic, Painter, Turner, Welder and any other employee possessing the same level of skill in allied occupations</i>	1st Year	311.00
	2nd Year	314.25
	3rd Year	317.50
	4th Year	320.75
	5th Year & thereafter	324.00
7 <i>Driver - Grade I</i>	1st Year	332.00
	2nd Year	334.50
	3rd Year	337.00
	4th Year	339.50
	5th Year & thereafter	342.00
<i>Driver - Grade II</i>	1st Year	311.00
	2nd Year	314.25
	3rd Year	317.50
	4th Year	320.75
	5th Year & thereafter	324.00

8	<i>Stone Mason</i>	357.00
9	<i>Cabinet Maker</i>	357.00
10	<i>Blockmaker</i>	324.00
11	<i>Stone Driller</i>	324.00
12	<i>Stone Breaker</i>	324.00
13	<i>Stone Splitter</i>	324.00
14	<i>Stone Employee</i>	324.00
15	<i>Tyreman</i>	324.00
16	<i>Unskilled Employee</i>	284.00
17	<i>Watchman</i>	317.50