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PRESS RELEASE

New Minimum Wages for Construction Sector in Force Soon

On Tuesday, 30 June 2015, the Construction Industries Federation (CIF) and the Metal and Allied Namibian Workers Union (MANWU) signed a *collective agreement* on conditions of employment, including minimum wages, in the construction industry. Both parties once again negotiated a two-year agreement on behalf of their members, respectively, which however only will come into force and replace the old agreement, once the agreement has been promulgated and published in the Government Gazette.

The collective agreement clearly stipulates the future new minimum wage requirements in Namibia's construction industry, once it has become law and is promulgated in the Government Gazette accordingly. Then the increase of minimum wages in the construction industry will become relevant to every company operating in the construction sector. Once enforceable to the construction industry at large, all companies must increase the minimum wages by 10% for the first year and then 10% for the subsequent year. The agreement between the CIF and MANWU addresses only minimum wages and employment conditions for the construction sector. Therefore, the increases refer only to the minimum wages and not across-the-board pay increases.

Bärbel Kirchner, consulting general manager of the CIF further clarified: "This means that the minimum wage increases as per the new collective agreement between the CIF and MANWU, are not applicable with immediate effect, only then when the collective agreement becomes law and is enforceable to the industry at large. The minimum wage increases will also only become effective as from the date of promulgation. Naturally, employers are not restricted and if they wish, they can adjust the minimum wages immediately. It is totally within their discretion".

Changes also include an adjustment of the Service Allowance from 144 hours to 150 hours, once the collective agreement is promulgated. Thus, every worker will be paid equal to 150 hours of his/her wage, which will be part of the remuneration in December. This allowance will be calculated pro-rata for each fully worked month that the employee was in service during that specific year.

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The anticipated increase is higher than in the previous years, which then was 9% for 2012/2013 and 9.5% for 2013/2014. With the simultaneous adjustment to the Service Allowance, and taking into consideration the inflation rate, minimum wages effectively will increase in real terms.

Until the new collective agreement is promulgated, which allows the extension of the agreement to the industry at large, Government Gazette No 5372 dated 24 December 2013 remains enforceable to every company operating in the industry.

Bärbel Kirchner further comments: "We are keen to see that the agreement between MANWU and CIF will be promulgated as soon as possible. This will mean that the envisaged minimum wage increases need to be paid by every construction company in Namibia, and that optimal work conditions are maintained. It is important that the new agreement also becomes legally enforceable. This will ensure the avoidance of cost differentiation to the detriment of workers in the industry and will help the industry in getting closer to a more equal playing field.

"It is also important to remember that, until the new collective agreement is gazetted, the construction industry does not operate in a vacuum and remains bound by Government Gazette No 5372 of 24 December".

For more information, contact CIF at Tel. 061-230028 or between 8.00 and 12.30 on weekdays.

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