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PRESS RELEASE

CIF AND MANWU DISAGREE ON FUTURE MINIMUM WAGE INCREASE

Negotiations to determine the increase of minimum wages and minimum employment conditions for the Namibian construction sector have reached a deadlock. In response to demands received from the Metal and Allied Namibian Workers Union (MANWU), the Construction Industries Federation of Namibia (CIF) had engaged its members to receive a mandate to determine the future minimum wage increase and future minimum employment conditions for selected job categories in the construction sector. As from 1 January 2017, the gazetted minimum wage in the construction sector is N\$16.04 per hour, which is the result of two big increases of 10% each, of the minimum wage of N\$13.26 in 2014/2015, and the minimum wage of N\$14.59 in 2016, respectively.

MANWU demands a minimum wage increase of 13% for 2017/2018 and a further increase of 13% for 2018/2019. In addition, demands listed by the union include an increase of minimum employment conditions, which – if agreed – would be new additions to the Collective Agreement, and would have serious cost implications for the employer. The total of MANWU's initial demands constituted an increase of over 70%. These demands included *inter alia*: a housing allowance, a meal allowance, a transport allowance, an extension of the statutory maternity leave of 12 weeks to 14 weeks for the industry and negotiating with Nam-mic for loans for employees.

With regard to the minimum wage increase, the CIF, representing employers in the construction sector, feels it would be irresponsible to increase the minimum wages during the current economic downturn, in particular as the construction sector is hit the hardest and the entire supply chain is experiencing large-scale retrenchments, and as it is not clear when the economy and specifically the construction sector will revive.

Bärbel Kirchner, consulting general manager of the CIF explained: "According to research conducted by the CIF in June 2017, 47% of employees in the industry have lost their jobs. The situation is likely to have worsened since then. Yet, despite large-scale retrenchments since September 2016, the CIF, for now, very reluctantly made an offer of an increase of 2.5% of the minimum wage, in response to the outrageous demands of the 13% by MANWU and their very extensive list of demands.

“In fact, since we have commenced with the negotiations, the situation has worsened. We started negotiating in April 2017 when we had made an offer of minimum wage increase of 2.5% for when a new agreement would be promulgated. The situation is far less hopeful now than it was in April, however in order to honour what already had been agreed and in order to keep negotiating in good faith, we have not retracted that offer. Moreover, it is important to note, any increase would only become relevant once a Collective Agreement would be promulgated in the government gazette. The industry is also adamant that any agreed increase would not be back-dated.

“We are very disappointed that our industry, in addition, is now also facing such demands from MANWU, who is representing workers in the industry.

“Revenues in the industry are extremely low, if not non-existent. Many employers keep their teams employed with the hope of work and projects in the near future. If minimum wages were to increase even further, then many will not be able to continue keeping members of their teams employed. It can have devastating effects, especially if you think, that eight dependents will be affected for every job that will be lost. Many SME’s in our sector will also be badly affected.

“It simply must be in everybody’s interest to keep as many people employed and not to hike up the increase of only a few remaining employees. We must remember, what we are negotiating is the *minimum wage increase* for the respective categories for semi-skilled and artisans for the entire industry. If we are to concede to the demands of MANWU, it is likely that many workers will lose their jobs”.

Under current economic conditions, the CIF feels it is more realistic to agree to demands that are for the larger construction businesses a matter-of-course, such as provision of drinking water and separate toilets for male and female employees, and the promotion of health and safety education for employees.

Other demands of the union further included an extension of shop steward days from currently seven to a total of 10 days, an increase of pension fund contributions, an increase in Service Allowance and increase in the Living Away Allowance.

MANWU’s original proposal/demands were presented on 15 April 2016. However, in 2016, the CIF had on several occasions raised their concern with MANWU about the timing of their proposal to

negotiate for *construction wage and substantive proposal increments*, in particular as it was soon after the implementation date of the previously negotiated and gazetted two-year collective agreement (gazetted on 31 December 2015).

Negotiations had commenced in April 2017, after the CIF had sought a mandate from its members. Meetings were held on the following days: 7 April 2017, 21 April 2017, and on 9 June 2017. As the two parties were not able to move forward, MANWU had declared a dispute of interest. After two conciliation meetings at the Labour Commissioner's Office, on Tuesday, 5 September 2017 and on 15 September 2017, a certificate of an unresolved dispute was issued.

The next step will now be that the CIF and MANWU will meet on 22 September 2017 to negotiate strike or lockout rules in accordance with the Labour Act, 2007; the Code on Good Practice on Industrial Action, 2009; and the Code of Good Practice on Picketing, 2009; which then will guide both parties with regard to further action.

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