**PRESS RELEASE**

11 April 2018

**MINIMUM WAGE PAYABLE IN CONSTRUCTION SECTOR NOW PROMULGATED**

The Collective Agreement that determines the minimum wage payable and the minimum employment conditions in Namibia’s construction sector, which had been signed by the Construction Industries Federation of Namibia (CIF) and the Metal and Allied Namibian Workers Union (MANWU) on 16 November 2017, has been promulgated on 31 March 2018 as per Government Notice No. 65 published in Government Gazette No. 6567 of 11 April 2018. The Collective Agreement therefore came into effect on 31 March 2018, i.e. the date of promulgation.

With the promulgation of the Collective Agreement, the agreed minimum wage payable and the minimum employment conditions is extended by the Minister of Labour, Industrial Relations and Employment Creation, Hon. Mr Erkki Nghimtina, to the entire construction sector, irrespective of the size of business and irrespective of who owns the business.

The agreed increase of 5.6% on minimum wage payable therefore will have become applicable on 31 March 2018. The new minimum wage payable is therefore N$16.94.

Bärbel Kirchner, consulting general manager of the CIF said: “It is important that there is no confusion. An increase of 5.6% on minimum wage payable is only relevant for certain selected positions, as per the Collective Agreement. It is also only includes an *increase of the minimum wages* that would need to be paid.

“’So, if an employer does not yet pay the minimum wage for selected positions, then they would need to increase the wage to ensure it reaches the minimum wage payable. If, however, the employer is already paying the minimum wage payable, then no further increase is required.

This increase of the minimum wage payable therefore does not mean that it is an automatic increase for all. Provided the employer pays the minimum wage payable, any additional increase is totally discretionary, unless the employer had agreed to other arrangements, and that is ultimately largely determined by market forces”.

The Collective Agreement between the two parties, CIF and MANWU, was concluded after arduous negotiations which included the threat of looming industrial action. The CIF had emphasised that the construction sector had been hit severely by the economic downturn and since September 2016, has seen large-scale retrenchment in the entire supply chain. The CIF maintained the position that instead of hiking up the increase of only a few remaining employees, that one needed to make every effort to keep as many persons employed as possible.

Bärbel Kirchner, consulting general manager of the CIF said: “Sadly we have not seen any recovery in the construction sector since 2016. More businesses are being affected and more people are being retrenched. It is dire situation for our industry – businesses simply have no scope to further continue increasing labour costs without the generation of any revenue”.

“We are aware that an increase of minimum wage payable unfortunately still means that more persons will be retrenched if there are no immediate construction or building projects being advertised – our industry needs work to survive. Our industry needs work to build our future”.

End.