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## **PRESS RELEASE**

### **2-YEAR COLLECTIVE AGREEMENT STIPULATES 10% INCREASE OF MINIMUM WAGES IN CONSTRUCTION SECTOR**

The Construction Industries Federation of Namibia (CIF) says that according to the Collective Agreement between the CIF and the Metal and Allied Namibian Workers Union (MANWU), which had been signed on 24 July 2015, and then promulgated in Government Gazette No. 5917, Government Notice No. 319, on 31 December 2015, employers would be required to adhere to minimum wages and minimum employment conditions in the construction industry. This is despite large-scale retrenchments in the construction sector.

The promulgated collective agreement in Government Gazette NO. 5917 covers minimum wages for labourers and different categories of skilled and semi-skilled artisans, health and safety standards, minimum protective clothing, minimum productivity levels, living away allowances and service allowance.

The Government Gazette No. 5917 stipulates the adjustment to the minimum wages, which had to be increased by 10% for the first year (i.e. from 1 January 2016 to 31 December 2016) and by a further 10% for the subsequent year (i.e. 1 January 2017 and 31 December 2017). The current minimum wage for a labourer in the construction sector is now N\$ 16.04.

Ms Bärbel Kirchner, Consulting General Manager of the CIF says: “We realise that during an economic slowdown, it would be difficult for employers to further increase the minimum wages in the construction sector. Unavailability of work in the sector and serious cash flow crises, already has forced businesses to cut costs and make retrenchments. In order to adhere to the legislated minimum wages and minimum employment conditions, with limited scope to reduce salaries, businesses cannot avoid but retrench more individuals.

“However, as the nature of our industry is cyclical, and as we will see better times again, it is important that we remain cognisant of the legislation that needs to be adhered to in our industry. Companies that operate in Namibia’s construction industry must be aware that adherence to the minimum wages and the minimum conditions as promulgated in the Government Gazette 5917, remains a requirement.

“This will ensure that despite a serious downturn in our industry, optimal work conditions are maintained. This will ensure the avoidance of costs differentiation to the detriment of workers in the industry and would help the industry in getting closer to a more equal playing field.

“Increasing the cash flow in our industry, use of local Namibian capacity for all upcoming projects, would definitely alleviate the situation and would help to avoid retrenchments in our industry”.

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