**PRESS RELEASE**

**CIF AND MANWU AGREE ON FUTURE INCREASE OF MINIMUM WAGE PAYABLE IN CONSTRUCTION SECTOR**

The Construction Industries Federation of Namibia (CIF) and the Metal and Allied Namibian Workers Union (MANWU) have signed a Collective Agreement which *includes the future increase on minimum wage payable in the industry, which will be 5.6% for selected job categories in the construction sector. At this stage it is not clear when the increase on minimum wage payable will become effective.*

In order for the increase of minimum wage payable and the minimum employment conditions to be implemented, the Minister of Labour, Industrial Relations and Employment Creation, Hon. Mr Erkki Nghimtina, is requested to promulgate the extension of the Collective Agreement, and therefore the agreed minimum wage payable and minimum employment conditions, to the entire construction sector. *As the Collective Agreement becomes effective on the date of promulgation, the date of when the increase of minimum wages payable, is not determined as of yet.*

The duration of the process; i.e. from the signing of the Collective Agreement to the date of promulgation normally takes some time. It can be anticipated that the increase on the minimum wage payable will come into force during the first quarter of 2018. Until that time, the currently gazetted minimum wage payable and minimum employment conditions as per Government Notice No.319 published in Government Gazette No. 5917 of 31 December 2015 will remain applicable; that means a minimum wage of 16.04 per hour.

However, with an agreed future increase of 5.6% on minimum wage payable the deadlock of negotiations between the two parties, is resolved. The CIF, representing employers in the construction sector, were not in the position to agree to the demands of the union and were of the opinion that the entire sector would be affected if the increases of the minimum wage payable, were to be increased unreasonably high. MANWU’s original demand were an increase of 15% on minimum wage payable. Moreover, additional demands for minimum employment conditions meant that the overall demand constituted an increase of over 70%.   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; close to 47% of employees in the industry have lost their jobs. 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. A drastic increase would have meant that more employees would have needed to be retrenched as employers would not have been in the position to afford it.

After engaging its members, the CIF had been provided with a revised mandate. This provided the CIF the scope to increase their offer. Taking into consideration the current economic climate, both parties to the negotiations felt it was important to reach an agreement in order to avoid industrial action; i.e. either a strike or indeed a lockout by the employers. Thus, an agreement was reached regarding a future increase of 5.6%minimum wage payable. This would come into effect only when the Collective Agreement was promulgated. The agreement was reached for one year; i.e. for 2018/2019.

Bärbel Kirchner, consulting general manager of the CIF said: ”It is known how badly the construction sector was hit over the last 12 months. Many businesses in our industry needed to make large-scale retrenchments. A large part of our industry has come to a standstill. Some businesses either faced bankruptcy, some are dormant and others closed down. Yet, some employers, that are financially strong enough, kept their teams employed with the hope of work and projects in the near future.

“We are aware that an increase of minimum wage payable unfortunately still mean that more persons will be retrenched if there is not an immediate upturn. However, we are hopeful and optimistic that government’s commitment to pay outstanding invoices will increase the cash flow and also that Government’s announcement of a Construction Fund with the Namibia Development Bank will indeed materialise”.

End.