

3.2 Details of four labour law proposals/amendments

I. The Double payment of annual wage compensation: Additional Remuneration Act coupled with signed Collective Agreements

3.2.1.1 The sugar companies were the pioneer for engaging in collective bargaining as they had signed through the then MSPA the first collective agreement with the trade unions in 1994, i.e. some 15 years before the introduction of the Employment Relations Act 2008 that set the legal framework for the conduct of collective bargaining in Mauritius.

3.2.1.2 Under the new legislation, the then MSPA and its members had engaged into 2 rounds of negotiations culminating in the conclusion of 2 collective agreements for the periods 2010-2013 and 2014-2017.

3.2.1.3 The collective agreements provided for an increase in salary of 20% for the period 2010–2013 and 17.5% for the period 2014–2017. However, in view of a loophole in the labour legislation, the sugar companies have been paying double wage compensations to the workers, i.e. the salary increase under the collective agreements plus the annual wage compensation granted by Government under the Additional Remuneration Act. As a result, the sugar companies have paid a salary increase of around 62% over the past 8 years which is simply untenable in the present economic context of the industry, in particular considering that sugar prices have dropped drastically by more than 30% in the wake of the EU Sugar Reform.

Increase in Labour costs v/s Consumers Price Index (2010-2017)

Year	% increase in labour cost			CPI
	Collective Agreement	Additional Remuneration *	Total	
2010	11.0	3.5	14.5	1.7
2011	3.0	1.5	4.5	5.1
2012	3.0	3.7	6.7	6.5
2013	3.0	2.8	5.8	3.9
2014	7.0	3.7	10.7	3.5
2015	3.0	5.0	8.0	3.2
2016	3.0	2.5	5.5	1.3
2017	4.5	2.0	6.5	1.0
Cumulative total	37.5	24.7	62.2	26.2

* Some figures have been adjusted to reflect the real impact on wages in terms of percentages.

Source: Business Mauritius