

WAGE RATE INDEX - 2002

1. Introduction

This issue of 'Economic and Social Indicators' presents the wage rate index for the year 2002. It is the tenth of the series published annually by the Central Statistics Office since 1993.

The index, having year 2000 as base, is computed from wage data collected through the Survey of Employment, Earnings and Hours of work carried out in September 2002 among a sample of establishments employing 10 or more persons. Weights used are according to the occupational structure of the working population at the 2000 Population Census and distribution of earnings in large establishments at March 2000. The methodology used is described at Annex.

The wage/salary rates of specific occupations, used in the calculation of the index, are the rates paid for normal time work, comprising basic wages and salaries, cost of living allowances and other guaranteed and regular allowances paid at the end of each pay period. Overtime payments are therefore excluded.

Current estimates are subject to revision in later issues, as additional information becomes available.

2. Index 2002

2.1 Wage rate index by industry

The overall wage rate index, which stood at 104.9 at September 2001, rose by 5.0 points to reach 109.9 in September 2002.

Table 1 gives the sub-indices of the major industry groups. A general upward movement is noted in the sub-indices of all industry groups, the values ranging from 103.1 for 'Public administration and defence' to 123.1 for 'Electricity and water'. Sub-indices for 'Manufacturing, mining & quarrying' and 'Public administration and defence', which have strong effects on the overall index because of their important weights, were 112.6 and 103.1 respectively.

2.2 Contribution of the industry groups to the index

The contribution of the industry groups to the overall index is shown in Table 2. The main contributors to the increase of 5.0 points in the overall index were : 'Manufacturing, mining & quarrying' (2.0 points), 'Construction' (0.5 point) and 'Hotels and restaurants' (0.4 point). Contributions of the remaining industry groups were marginal and ranged from 0.1 to 0.3 point.

2.3 Change in wage rate index by industry

Between September 2001 and September 2002, the overall index increased by 4.8%. Table 3 shows the changes in the wage rate index by industry group. The highest increase, of the order of 8.8%, was noted in 'Construction', followed by 'Manufacturing, mining & quarrying', 8.2% and 'Hotels and restaurants', 7.9%.

'Other community, social and personal services', 'Electricity and water', 'Real estate, renting and business activities' and 'Financial intermediation' registered increases of 7.2%, 5.9%, 5.5% and 5.0% respectively. Increases, ranging from 1.4% to 3.8%, were noted in the remaining industry groups.

2.4 Comparison with previous indices

Table 4 gives a series of wage rate indices since 1993. Indices for the year 1993 to 2000 have been computed using September 1992 as base. As from 2001, the index has been worked out with September 2000 as base.

The two series are not strictly comparable since they are based on different weighting patterns. However, for some particular purposes, users may want to compare the old indices with the new ones. A crude method of converting an index from the new base to the old base is by multiplying the new index by the 1.994. Conversely, an index on the old base can be converted to the new base by dividing the old index by 1.994.

The conversion factor (1.994) is obtained as the ratio of the wage rate index of year 2000 on old base (199.4) to wage rate index of year 2000 on new base (100.0).

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Table 1 - Wage rate index by industry group, 2001- 2002
(Base : September 2000 = 100)

Industry group	Weights	Index¹ 2001	Index 2002
Agriculture and fishing	92	110.7	113.9
Manufacturing, mining & quarrying	231	104.1	112.6
Electricity and water	18	116.2	123.1
Construction	49	106.6	116.0
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	68	105.8	109.8
Hotels and restaurants	47	105.6	113.9
Transport, storage & communications	83	103.4	105.4
Financial intermediation	42	104.6	109.8
Real estate, renting and business activities	38	107.1	113.0
Public administration and defence; compulsory social security	173	101.7	103.1
Education	86	103.6	106.9
Health & social work	54	104.9	108.3
Other community, social and personal services	19	104.5	112.0
All sectors	1,000	104.9	109.9
<i>of which General Government</i>	<i>310</i>	<i>102.7</i>	<i>105.3</i>

¹ Revised

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Table 2 - Contribution of industry groups to change in index, 2000 - 2001 and 2001 - 2002

Industry group	2000 - 2001 ¹	2001 - 2002
Agriculture and fishing	1.0	0.3
Manufacturing, mining & quarrying	0.9	2.0
Electricity and water	0.3	0.1
Construction	0.3	0.5
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	0.4	0.3
Hotels and restaurants	0.3	0.4
Transport, storage & communications	0.3	0.2
Financial intermediation	0.2	0.2
Real estate, renting and business activities	0.2	0.2
Public administration and defence; compulsory social security	0.3	0.2
Education	0.3	0.3
Health & social work	0.3	0.2
Other community, social and personal services	0.1	0.1
All sectors	4.9	5.0
<i>of which General Government</i>	0.8	0.8

¹ Revised

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Table 3 - Annual percentage change in wage rate index by industry group, 2000 - 2001 and 2001 - 2002

Industry group	Percentage change	
	2000 to 2001 ¹	2001 to 2002
Agriculture and fishing	10.7	2.9
Manufacturing, mining & quarrying	4.1	8.2
Electricity and water	16.2	5.9
Construction	6.6	8.8
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	5.8	3.8
Hotels and restaurants	5.6	7.9
Transport, storage & communications	3.4	1.9
Financial intermediation	4.6	5.0
Real estate, renting and business activities	7.1	5.5
Public administration and defence; compulsory social security	1.7	1.4
Education	3.6	3.2
Health & social work	4.9	3.2
Other community, social and personal services	4.5	7.2
All sectors	4.9	4.8
<i>of which General Government</i>	2.7	2.5

¹ Revised

Table 4 - Wage rate index, 1993 - 2002

Year	Wage Rate Index		Annual percentage change
	Base : September 1992 = 100	Base : September 2000 = 100	
1993	115.5		15.5
1994	127.6		10.5
1995	136.6		7.1
1996	144.0		5.4
1997	160.7		11.6
1998	177.5		10.5
1999	191.0		7.6
2000	199.4	100.0	4.4
2001 ¹		104.9	4.9
2002		109.9	4.8

¹ Revised

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Table 5 - Average wage per hour of selected occupations by industry group (excluding General Government), September 2001 - September 2002

Industry group	Occupation	Average wage ¹ per hour (Rs)		Change (%) 2001 to 2002
		2001	2002	
Agriculture				
Sugarcane plantations	Overseer - Grade I	55.37	61.19	10.5
	Field worker (other than special category)	44.83	45.23	0.9
Tea plantations	Field worker	23.86	24.68	3.4
	Sirdar/Gangman	33.00	35.34	7.1
Manufacturing				
Poultry & other meat	Farm worker	32.19	31.98	-0.7
	Factory worker	28.80	29.72	3.2
Biscuits & confectionery	Machine operator	30.17	27.66	-8.3
	Factory worker	16.45	17.88	8.7
Sugar	Fitter - Grade I	42.42	43.08	1.6
	Welder - Grade I	46.19 ²	48.96	6.0
	Motor mechanic (Heavy Mechanical Unit)	42.57	45.08	5.9
	Factory operator - Grade I	32.77	37.14	13.3
Tea	Factory worker	23.87	25.46	6.7
	Factory operator	26.57	28.47	7.2
Soft drinks	Beverage machine operator	30.36	30.64	0.9
	Driver/Salesman	42.67	47.65	11.7
	Lorry helper	35.53	39.34	10.7
Textiles (excluding wearing apparel)	Factory worker	23.53	22.18	-5.7
	Cleaner/Helper	16.92	17.61	4.1
	Machine operator	26.05	26.55	1.9
Wearing apparel (excluding footwear)	Machine operator	18.73	20.48	9.3
	Weaver/Knitter	23.80	25.20	5.9
	Cleaner/Helper	17.34	18.17	4.8
Leather products	Machine operator	25.18	24.67	-2.0
Footwear	Shoemaking machine operator	26.22 ²	31.96	21.9
Paper products	Machine operator	31.49	32.52	3.3
Printing & publishing	Reporter/Journalist	111.65	124.11	11.2
	Photo-type setting operator	52.99	53.82	1.6
Chemical products	Mixing/Blending machine operator	45.31	47.69	5.3
	Cleaner/Helper	27.63	30.14	9.1
Rubber products	Machine operator	25.80	30.60	18.6
Plastic products	Machine operator/Factory operator	24.56	25.60	4.2
Basic metals	Machine operator	31.66	34.04	7.5

	Factory worker	31.29	37.08	18.5
Fabricated metal products	Factory worker	35.97	40.59	12.8
Electrical machinery & apparatus	Technician	32.10	33.00	2.8
	Electrician	36.48	40.10	9.9
Furniture (wooden)	Cabinet Maker/Varnisher	34.24	36.72	7.2
Jewellery & related articles	Diamond cutter/Polisher	24.91	29.75	19.4
Electricity	Lineman	69.56	75.07	7.9
	Power generating machine operator	70.39	76.89	9.2
	Meter reader	77.64	81.41	4.9
Water	Meter reader	56.65	56.83	0.3
	Tradesmen/Assistant tradesman	47.11	48.89	3.8
	Labourer/Unskilled worker	36.12	37.45	3.7
Construction	Mason - Grade I	37.53	38.44	2.4
	Carpenter - Grade I	34.99 ²	42.95	22.7
	Labourer/Helper	25.33	28.74	13.5
Wholesale, retail trade, repair of motor vehicles				
Wholesale trade	Salesperson/Sales representative	77.22	79.11	2.4
Retail trade	Salesperson	43.90	44.01	0.3
Repair of motor vehicles	Garage mechanic - Grade I	28.14	28.56	1.5
	Panel beater - Grade I	33.76	36.09	6.9
Hotels	Receptionist	33.67	37.69	11.9
	Waiter	25.32	27.49	8.6
	Cook	35.66	38.57	8.2
	Maid/Servant	26.64	29.27	9.9
Transport, storage & communication				
Bus Transport	Bus driver	40.18	40.37	0.5
	Bus conductor	37.30	37.30	0.0
Communication	Telephone installer/Service	59.77	69.47	16.2
	Telephone operator	82.75	96.44	16.5
	Telecom technician	101.50	111.20	9.6
Financial intermediation				
Banks	Bank teller	74.24	79.61	7.2
	Clerk/Senior clerk	90.81	98.86	8.9
	Messenger	38.88	43.43	11.7
Insurance	Insurance clerk	57.00	56.70	-0.5
	Clerk/Senior clerk	72.23	80.58	11.6
Real estate, renting and business activities				
Accounting & auditing services	Accountant/Auditor	142.15	162.24	14.1
	Accounts clerk	35.57 ²	39.45	10.9
Architectural & engineering services	Draughtmans	75.21	70.21	-6.6
	Engineers	153.52	157.77	2.8
Private education services	Pre-primary education teacher	37.60	38.35	2.0

	Primary education teacher	109.03	117.93	8.2
	Education officer	124.32	127.45	2.5
	Cleaner/Caretaker	32.67	35.40	8.4
Private health services	Qualified/Professional nurse	70.92	53.33	-24.8
	Nursing aid	28.58	30.77	7.7
Cleaning Services	Office/Building cleaner	17.97	15.44	-14.1
	Scavenger/Garbage collector	21.53	22.45	4.3

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

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Table 6 - Average wage/salary per month of selected occupations in General Government, September 2001 - September 2002

Occupation	2001 (Rs)	2002 (Rs)	Change (%) 2001 to 2002
Ministries/Departments			
Medical and Health officer	27,027	28,268	4.6
Education officer	17,572	17,464	-0.6
Nursing officer	10,865	11,366	4.6
Teacher/Senior teacher	11,104	11,478	3.4
Clerical officer/Higher clerical officer	8,570	8,613	0.5
Police constable	9,632	9,529	-1.1
Mason	7,999	8,313	3.9
Carpenter	8,550	8,981	5.0
Driver	7,592	7,993	5.3
Hospital servant	7,034	7,408	5.3
Labourer	6,310	6,581	4.3
Municipalities/District Councils			
Inspector/Assistant Inspector (Health)	11,277 ¹	11,247	-0.3
Clerical officer	7,908	8,082	2.2
Gardener	6,456 ¹	6,725	4.2
Mason	7,858	8,208	4.5
Carpenter	7,918	7,894	-0.3
Driver	7,199	7,694	6.9
Refuse collector	6,017	6,212	3.2
Labourer	5,796	5,983	3.2

¹ Revised

Methodology used for the computation of the Wage rate index

1. Approach adopted and limitations.

Ideally to show genuine changes in the price of labour, it would have been necessary for wages of specific individual workers at specific establishments to be measured over time. Since this is practically impossible, the next best approach has been adopted, that is, to follow changes in the wages of groups of employees performing the same jobs. This gives a measure of changes in wage rates of specific occupations.

The following limitations as regards the approach adopted are to be noted:

- (i) any changes in the mix of employees within the selected occupations is bound to affect the calculated rates and hence the corresponding sectoral indices. Such changes can occur, for example, with a new intake of employees in a specific group - when the wages of the new recruits pull down the average wages for the whole group from one period to the next.
- (ii) wage adjustments resulting from changes in the tasks associated with a particular occupation, which cannot be separated from pure price changes.
- (iii) it is difficult to separate the effects of productivity from the overall change.

2. Index calculation

A Laspeyres type fixed base-weighted formula is used, where the occupational structure is held constant with reference to base year 2000. The changes in average wage rates are measured at the occupational level and the magnitude of these changes are then weighted to give a combined measure of the change for a given industry group. The following formula is used

$$I_t = \frac{\sum W_i (R_{it} / R_{i0})}{\sum W_i} \times 100$$

where I_t = index for year t compared to base year o for a given industry

W_i = weight of occupation i

R_{i0} = wage rate of occupation i in base year o

R_{it} = wage rate of occupation i in year t

The aggregate indices for industry groups at higher level of classification or for all economic activities as a whole, are computed by taking a weighted average of the individual industry group indices.

3. Weightings

- i. Census 2000 data on employment by occupation and wage rates at base year are used to determine the weighting pattern of occupations (W_i) for given industry groups.
- ii. Distribution of earnings by industry group obtained at the March 2000 Survey of Employment and Earnings in large establishments is used as weights in the computation of aggregate indices for higher levels of industry groups or for all economic activities.