

WAGE RATE INDEX

1st Quarter 2012

1. Introduction

This is the first issue of the Economic and Social Indicators (ESI) on wage rate index which presents data for the first quarter of 2012. Henceforth, wage rate indices will be published in ESI at the end of every quarter following the reference period.

Previously, quarterly wage rate indices were posted on the website of Statistics Mauritius and an ESI presenting the indices for the four quarters of a year was published at the end of the first quarter of the following year.

The wage rate index, based on the occupational structure of the working population in September 2006, was introduced at the first quarter of 2007. To satisfy the requirements of the International Monetary Fund (IMF) towards the Special Data Dissemination Standard (SDDS), to which Mauritius has graduated in February 2012, the index for a particular quarter is released within the following quarter.

The methodology used for computing the index is given in the technical note at Annex.

2. Movement of the overall wage rate index

The wage rate index (Base = September 2006) increased by 1.0% or 1.5 points to reach 147.1 in the 1st quarter 2012 from 145.6 in the 4th quarter 2011.

Compared to the 1st quarter 2011, the wage rate index increased by 2.7% or 3.8 points.

3. Movement of the sub indices, 4th Quarter 2011 to 1st Quarter 2012

Most industry groups registered increases in their wage rates whilst a few registered decreases resulting in a net increase in the overall index (Table 2).

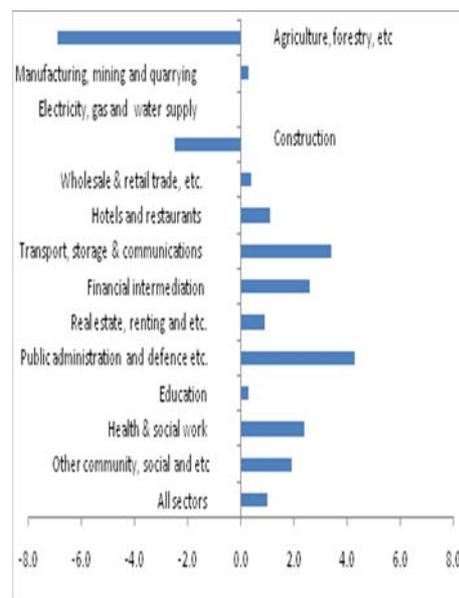
Main increases were registered in the following industry groups:

<i>Public adm and defence; etc.</i>	4.3%
<i>Transport, storage & Comm</i>	3.4%
<i>Financial intermediation</i>	2.6%
<i>Health & Social work</i>	2.4%

Main decreases were registered in the following industry groups:

<i>Agric, hunting, forestry and fishing</i>	-6.9%
<i>Construction</i>	-2.5%

Chart 1: % Change in Wage Rate Index from Quarter 4 2011 to Quarter 1 2012

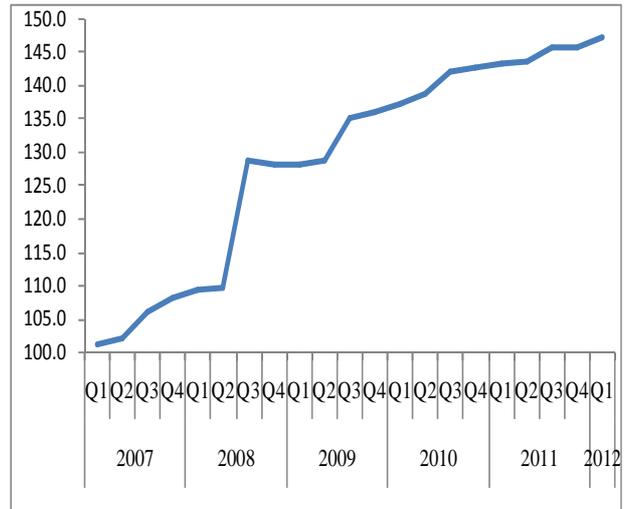


The wage rate index for the General Government sector which comprises Ministries, Government department and agencies operating under them, municipalities, district councils and Rodrigues Regional Assembly increased by 3.5% or 1.7 points to reach 153.9 in the 1st Quarter 2012. This sector accounts for one third of the weight of the wage rate index

4. Wage Rate Index from quarter 1 2007 to quarter 1 2012

The chart indicates a general upward movement in the index throughout the years, with a major increase in the 3rd quarter of 2008 following salary revision in the Government sector.

Chart 2: Wage Rate Index from quarter 1 2007 to quarter 1 2012



Statistics Mauritius
Ministry of Finance and Economic Development
Port Louis
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Contact persons: (1) Ms. S Nunhuck (Statistician)
 (2) Ms. F. Moserdee
 (Senior Statistical Officer)

Labour Unit
Statistics Mauritius
LIC Centre
 Port-Louis
 Tel: 212 2316/17 Fax: 211 4150
Email: cso_labour@mail.gov.mu

Wage Rate Index
(Base: September 2006=100)

Table 1 - Quarterly indices by industry group, Q1 to Q4 2011 & Q1 2012

Industry group	Weight	2011				2012
		Qr 1	Qr 2	Qr 3	Qr 4	Qr 1
Agriculture, hunting, forestry and fishing	61	146.9	147.0	174.1	165.0	153.6
Manufacturing, mining and quarrying	170	139.7	138.3	141.2	141.2	141.6
<i>of which:</i>						
<i>Food (excluding sugar)</i>	39	130.3	132.6	133.3	133.0	128.9
<i>Sugar</i>	9	172.8	159.6	180.3	175.6	165.5
<i>Textiles</i>	70	141.5	136.0	140.6	139.4	140.8
<i>Other</i>	52	138.8	142.2	141.4	144.1	148.1
Electricity, gas and water supply	20	137.2	137.1	137.1	138.2	138.2
Construction	37	139.4	138.2	144.8	143.6	140.0
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	69	134.9	139.4	136.6	139.4	139.9
Hotels and restaurants	64	141.2	141.8	140.8	141.2	142.8
Transport, storage & communications	91	141.9	141.6	141.4	145.5	150.4
Financial intermediation	61	127.8	130.3	129.3	129.3	132.6
Real estate, renting and business activities	54	161.4	160.1	159.8	159.8	161.3
Public administration and defence; compulsory social security	170	150.7	151.3	152.4	152.2	158.7
Education	124	144.5	144.8	145.1	145.1	145.5
Health & social work	59	144.0	144.0	142.9	142.8	146.2
Other community, social and personal services	20	141.9	139.5	137.3	139.6	142.3
All sectors	1,000	143.3	143.5	145.6	145.6	147.1
<i>of which General Government</i> ¹	333	148.1	149.0	148.9	148.7	153.9

¹ ministries, government departments and agencies operating under them; municipalities; district councils and Rodrigues Regional Assembly

Wage Rate Index

(Base: September 2006=100)

Table 2 - Percentage change from previous quarter by industry group and contribution of industry groups to overall change in index , Q1 2011 to Q1 2012

Industry group	Weight	% Change					Change in overall index point				
		2011				2012	2011				2012
		Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
Agriculture, hunting, forestry and fishing	61	-7.0	0.1	18.4	-5.2	-6.9	-0.7	0.0	1.7	-0.6	-0.7
Manufacturing, mining and quarrying <i>of which:</i>	170	2.7	-1.0	2.1	0.0	0.3	0.6	-0.2	0.5	0.0	0.1
<i>Food (excluding sugar)</i>	39	1.3	1.8	0.5	-0.2	-3.1	0.1	0.1	0.0	0.0	-0.2
<i>Sugar</i>	9	0.4	-7.6	13.0	-2.6	-5.8	0.0	-0.1	0.2	0.0	0.0
<i>Textiles</i>	70	3.0	-3.9	3.4	-0.9	1.0	0.3	-0.4	0.3	-0.1	0.1
<i>Other</i>	52	3.6	2.5	0.6	1.9	2.8	0.2	0.2	0.0	0.1	0.2
Electricity, gas and water supply	20	-0.9	-0.1	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Construction	37	-0.1	-0.9	4.8	-0.8	-2.5	0.0	-0.1	0.2	-0.1	-0.1
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	69	0.6	3.3	-2.0	2.1	0.4	0.1	0.3	-0.2	0.2	0.0
Hotels and restaurants	64	-0.2	0.4	-0.7	0.3	1.1	-0.2	0.0	-0.1	0.0	0.1
Transport, storage & communications	91	1.8	-0.2	-0.1	2.9	3.4	0.2	0.0	0.0	0.4	0.4
Financial intermediation	61	-1.0	2.0	-0.8	0.0	2.6	-0.1	0.2	-0.1	0.0	0.2
Real estate, renting and business activities	54	-0.6	-0.8	-0.2	0.0	0.9	0.0	-0.1	0.0	0.0	0.1
Public administration and defence; compulsory social security	170	2.9	0.4	0.7	-0.1	4.3	0.7	0.1	0.2	0.0	1.1
Education	124	0.3	0.2	0.2	0.0	0.3	0.1	0.0	0.0	0.0	0.1
Health & social work	59	2.1	0.0	-0.8	-0.1	2.4	0.2	0.0	-0.1	0.0	0.2
Other community, social and personal services	20	1.1	-1.7	-1.6	1.7	1.9	0.0	-0.1	0.0	0.1	0.0
All sectors	1,000	0.6	0.1	1.5	0.0	1.0	0.9	0.2	2.1	0.0	1.5
<i>of which General Government</i>	333	2.6	0.6	-0.1	-0.1	3.5	1.3	0.3	0.0	-0.1	1.7

Wage Rate Index

(Base: September 2006=100)

Table 3 - Percentage change from corresponding quarter of the previous year by industry group and contribution of industry groups to overall change in index, Q1 2011 to Q1 2012

Industry group	Weight	% Change					Change in overall index point				
		2011/2010				2012/2011	2011/2010				2012/2011
		Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
Agriculture, hunting, forestry and fishing	61	9.2	10.0	2.1	4.4	4.6	0.8	0.8	0.2	0.4	0.4
Manufacturing, mining and quarrying <i>of which:</i>	170	9.6	5.5	5.6	3.7	1.4	2.1	1.2	1.3	0.9	0.3
<i>Food (excluding sugar)</i>	39	8.0	5.0	5.7	3.4	-1.1	0.4	0.3	0.3	0.2	-0.1
<i>Sugar</i>	9	25.9	10.4	1.1	2.0	-4.2	0.3	0.1	0.0	0.0	-0.1
<i>Textiles</i>	70	9.7	2.3	4.5	1.5	-0.5	0.9	0.2	0.4	0.2	0.0
<i>Other</i>	52	7.7	9.4	8.1	7.5	6.7	0.5	0.6	0.6	0.5	0.5
Electricity, gas and water supply	20	1.2	0.1	-1.2	-0.1	0.7	0.0	0.0	0.0	0.0	0.0
Construction	37	7.7	0.4	4.4	2.9	0.4	0.4	0.0	0.2	0.1	0.0
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	69	1.0	5.4	6.1	4.0	3.7	0.1	0.5	0.5	0.3	0.3
Hotels and restaurants	64	0.7	3.3	-0.4	-2.0	1.1	0.1	0.3	0.0	-0.2	0.1
Transport, storage & communications	91	2.5	1.9	1.7	4.4	6.0	0.3	0.3	0.2	0.6	0.8
Financial intermediation	61	2.0	3.0	2.0	0.2	3.8	0.2	0.2	0.1	0.0	0.3
Real estate, renting and business activities	54	4.1	3.4	1.3	-1.5	-0.1	0.3	0.3	0.1	-0.1	0.0
Public administration and defence; compulsory social security	170	4.9	3.0	3.8	4.0	5.3	1.2	0.8	0.9	1.0	1.4
Education	124	0.7	0.8	-1.8	0.7	0.7	0.1	0.2	-0.3	0.1	0.1
Health & social work	59	4.1	2.7	2.1	1.3	1.5	0.3	0.2	0.2	0.1	0.1
Other community, social and personal services	20	5.8	4.3	0.2	-0.6	0.3	0.2	0.1	0.0	0.0	0.0
All sectors	1,000	4.4	3.5	2.4	2.2	2.7	6.1	4.9	3.4	3.2	3.8
<i>of which General Government</i>	333	4.0	3.3	2.9	3.0	3.9	1.9	1.6	1.4	1.5	1.9

Table 4 - Quarterly wage rate index - 2007 to 2011
(Base: September 2006=100)

Year	Quarter	Index
2007	Q1	101.1
	Q2	102.2
	Q3	107.6
	Q4	108.0
2008	Q1	109.2
	Q2	109.7
	Q3	128.8
	Q4	128.1
2009	Q1	123.1
	Q2	125.2
	Q3	132.6
	Q4	133.8
2010	Q1	137.2
	Q2	138.6
	Q3	142.2
	Q4	142.4
2011	Q1	143.3
	Q2	143.5
	Q3	145.6
	Q4	145.6
2012	Q1	147.1

Technical Note

Methodology used for the compilation of the wage rate index

1. Definition

The wage rate index measures changes in the price of labour, i.e. changes in the average rates actually paid by employers to their employees for work during normal working hours.

2. Approach adopted

Ideally to show genuine changes in the price of labour, it would have been necessary for wages of specific 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 but has the following limitations:

- (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 of labour.
- (iii) it is difficult to separate the effects of productivity from the overall change.

3. Coverage

The wage rate index is based on wage rates applicable in 'large' establishments only. Employment in these establishments accounted for around 54% of total employment in year 2011. 'Large' establishments comprise sugar cane plantations of 10 hectares or more; tea plantations of 2 hectares or more; other agricultural and non-agricultural establishments having 10 or more employees as well as General Government Services, i.e. ministries, government departments and agencies operating under them; municipalities; district councils and Rodrigues Regional Assembly.

Time-rated as well as piece-rated wage earners and salaried employees are covered. Apprentices, workers on probation, part-time workers and employees working on a temporary basis are excluded.

4. Calculating the Wage Rate Index

A Laspeyres formula is used. The occupational structure is held constant with reference to the base period of the index, i.e September 2006. The relative changes in average wage rates are measured at the occupational level and these changes are then weighted to give a combined measure of the change. The following formula is used

$$I_t = \frac{\sum w_i (R_i^t / R_i^o)}{\sum w_i} \times 100$$

where I_t = index for quarter t compared to base period o

w_i = $N_i^o R_i^o$ which represents the total wages paid to all employees in the i th occupation in base period, September 2006

R_i^o = wage rate of occupation i in base period, September 2006

R_i^t = wage rate of occupation i in quarter t

The index is first calculated for each industry group and the overall index (covering all industry groups) is computed as a weighted average of the individual industry group indices.

5. Reference period

The base period for the index is September 2006. The wage rate indices for the first, second, third and fourth quarters of 2007 and 2008 are based on wage rates applicable during the months of February, May, August and November respectively. As from 2009, the wage rate indices for the first to fourth quarter are based on wage rates applicable during the months of March, June, September and December respectively.

6. Weights

Two sets of weights are used.

- (i) The weights used for each occupation within a given industry group are based on the distribution of wages by occupation as obtained from a survey on employment and wage rates carried out in approximately 500 'large' establishments in September 2006.
- (ii) The weights for each industry group are based on the distribution of earnings by industry group as obtained from the Survey of Employment and Earnings carried out in around 2500 'large' establishments in March 2006.

7. Wage rates used

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.