

# WAGE RATE INDEX (WRI)

(Base: fourth quarter 2021 = 100)

## Second Quarter 2022

### 1. Introduction

This issue of the Economic and Social Indicators (ESI) presents a new series of quarterly Wage Rate Indices with fourth quarter 2021 as base period. Previous published series were computed using the fourth quarter 2016 as base. A review of the weights is necessary to reflect changes in the industrial and occupational structure of the economy.

The Wage Rate Index (WRI) 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.

The methodology used for computing the index is given in the technical note at Annex 1.

Indices, presented here, are based on wage rates applicable during the month of June 2022.

### 2. Changes in weights from year 2016 to year 2021

Main decreases in weights were registered in the following sectors from year 2016 to year 2021: “Education” from 120 to 111 and “Manufacturing” from 110 to 85

Main increases in the weights were in “Public administration and defence; compulsory social security” from 181 to 185 and “Human health and social work activities” from 69 to 73 (see annex 2).

### 3. Movement of the overall wage rate index

The Wage Rate Index increased by 2.0% or 2.0 points to reach 102.0 in first quarter 2022 from 100.0 in fourth quarter 2021 (Tables 1 and 2).

The Index for the second quarter 2022 registered an increase of 1.2% or 1.2 points to reach 103.2 from 102.0 in the first quarter 2022 (Tables 1 and 2)

### 4. Movement of the sub-indices, 1<sup>st</sup> Quarter 2021 to 2<sup>nd</sup> Quarter 2022

Main increases were registered in the following (Chart 1 & Table 2):

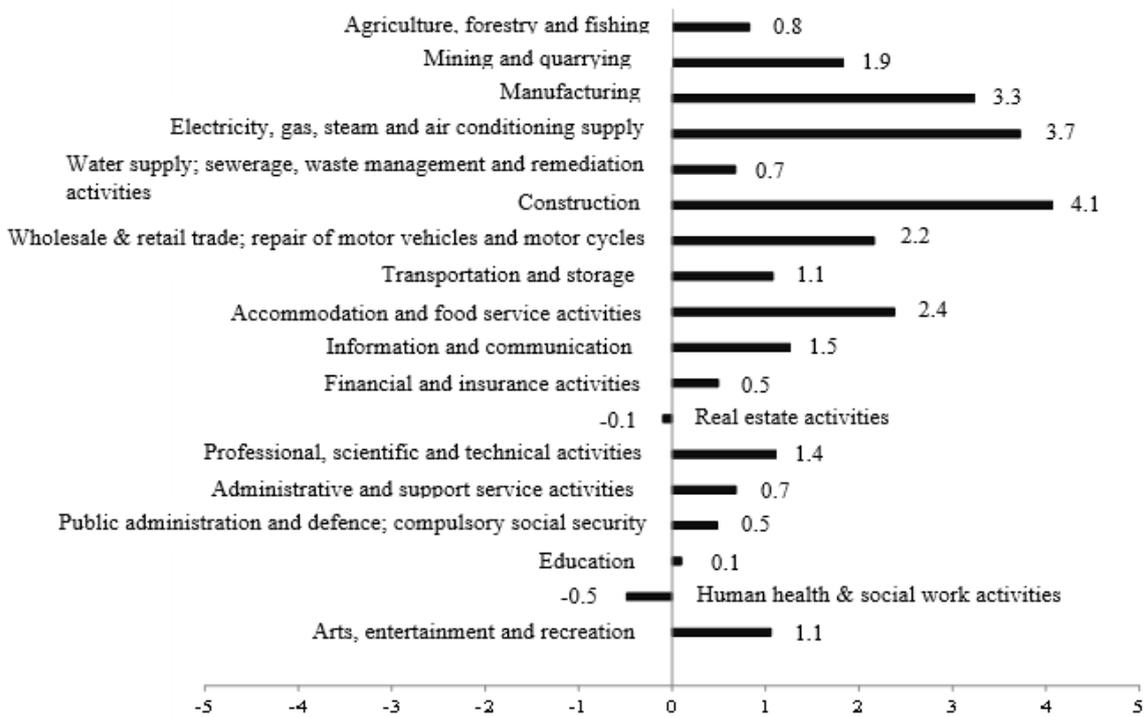
<i>Construction</i>	4.1%
<i>Manufacturing</i>	3.3%
<i>Accommodation and food service activities</i>	2.4%
<i>Wholesale and retail trade; repair of motor vehicles and motorcycles</i>	2.2%

Decreases were as follows:

<i>Human health and social work activities</i>	-0.5%
<i>Real estate activities</i>	-0.1%

Decreases in these sectors were mainly due to changes in the mix of employees within occupations and decrease in regular allowances.

**Chart 1: % Change in Wage Rate Index from 1<sup>st</sup> Quarter 2022 to 2<sup>nd</sup> Quarter 2022**



The Wage Rate Index for the general government sector, comprising ministries, government departments and agencies operating under them, municipalities, district councils and Rodrigues Regional Assembly, increased by 3.0% or 3.0 points from 100.0 in fourth quarter 2021 to 103.0 in first quarter 2022. The index for the second quarter 2022 registered an increase of 0.2% or 0.2 point to reach 103.2.

This sector accounts for around 34% of the total weight of the wage rate index.

#### 4. Indices for the Private and Public sectors

The index for the private sector which accounts for around 54% of the total weight of the wage rate index increased by 1.5% or 1.5 points from 100.0 in fourth quarter 2021 to 101.5 in first quarter 2022.

The index increased by 1.9% or 1.9 points from 101.5 in the first quarter 2022 to 103.4 in the second quarter 2022 (Tables 5 & 6).

The index for the public sector which comprises general government and public enterprises and accounting for around 46% of the wage rate index, increased by 2.7% or 2.7 points from 100.0 in fourth quarter 2021 to 102.7 in first quarter 2022 (Tables 7 & 8).

The index increased by 0.4% or 0.4 point from 102.7 in the first quarter 2022 to 103.1 in the second quarter 2022.

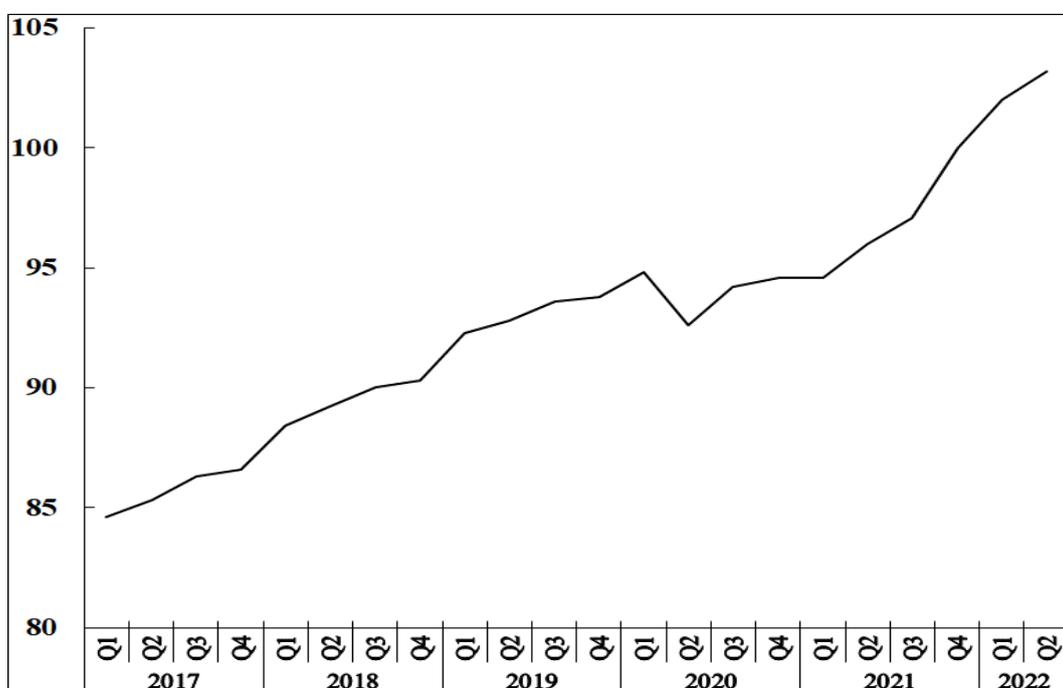
## 6. Past trend

Table 3 presents the quarterly indices from first quarter 2012 to first quarter 2022 with different base periods. As from 2022, the base period is fourth quarter 2021.

To enable comparison between the two series, chain link series, with fourth quarter 2021 as base, have been worked out and are provided in Table 4.

Chart 2 depicts the trend of the quarterly wage rate index from 2017 to 2022 using fourth quarter 2021 as base period. It shows a general upward movement in the index throughout the period up to second quarter 2022 except for a decline in second quarter 2020. The sharp increase in fourth quarter 2021 is mainly explained by salary revision in the government sector.

**Chart 2 - Wage Rate Index,  
1<sup>st</sup> quarter 2017 – 2<sup>nd</sup> quarter 2022**  
(Base: fourth quarter 2021=100)



**Statistics Mauritius**  
**Ministry of Finance, Economic Planning and Development**  
**Port Louis**  
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Contact persons:

- (1) **Mrs. D. Gangaram (Statistician)**
- (2) **Mrs. S. D. Venkatasami (Senior Statistical Officer)**

Labour Unit  
 Statistics Mauritius  
 LIC Centre  
 Port-Louis

Tel: 208 1800 Fax: 213 0234

**Email: [cso\\_labour@govmu.org](mailto:cso_labour@govmu.org)**

**[cso\\_quarterlylabour@govmu.org](mailto:cso_quarterlylabour@govmu.org)**

**Table 1 - Quarterly Wage Rate Indices by industry, Q1 - Q2 2022***(Base: fourth quarter 2021 = 100)*

Industry (section)	Weight	2022 <sup>1</sup>	
		Q1	Q2
Agriculture, forestry and fishing	23	96.7	97.5
Mining and quarrying	3	100.3	102.2
Manufacturing	85	100.4	103.7
<i>of which Sugar</i>	4	95.8	116.8
<i>Food (excluding sugar)</i>	22	103.8	105.0
<i>Textiles</i>	28	99.1	104.1
Electricity, gas, steam and air conditioning supply	17	102.0	105.8
Water supply; sewerage, waste management and remediation activities	8	103.2	103.9
Construction	35	100.7	104.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	79	101.8	104.0
Transportation and storage	68	102.0	103.1
Accommodation and food service activities	63	100.7	103.1
Information and communication	48	103.1	104.6
Financial and insurance activities	83	101.7	102.2
Real estate activities	6	100.7	100.6
Professional, scientific and technical activities	57	101.6	103.0
Administrative and support service activities	43	102.5	103.2
Public administration and defence; compulsory social security	185	103.3	103.8
Education	111	102.4	102.5
Human health and social work activities	73	103.0	102.5
Arts, entertainment and recreation	11	104.1	105.2
Other service activities	4	102.8	102.8
<b>All sectors</b>	<b>1000</b>	<b>102.0</b>	<b>103.2</b>
<i>of which General Government</i> <sup>2</sup>	336	103.0	103.2

<sup>1</sup> Provisional<sup>2</sup> Ministries, government departments and agencies operating under them; municipalities; district councils and Rodrigues Regional Assembly

**Table 2 - Percentage change from previous quarter and contribution to overall change in index by industry, Q1 & Q2 2022**

(Base: fourth quarter 2021 = 100)

Industry (section)	Weight	% change in index		Contribution to change in overall index point	
		2022 <sup>1</sup>			
		Q1	Q2	Q1	Q2
Agriculture, forestry and fishing	23	-3.3	0.8	-0.07	0.02
Mining and quarrying	3	0.3	1.9	0.00	0.01
Manufacturing	85	0.4	3.3	0.03	0.27
<i>of which Sugar</i>	4	-4.2	21.9	-0.02	0.08
<i>Food (excluding sugar)</i>	22	3.8	1.2	0.08	0.03
<i>Textiles</i>	28	-0.9	5.0	-0.03	0.14
Electricity, gas, steam and air conditioning supply	17	2.0	3.7	0.03	0.06
Water supply; sewerage, waste management and remediation activities	8	3.2	0.7	0.03	0.01
Construction	35	0.7	4.1	0.02	0.14
Wholesale and retail trade; repair of motor vehicles and motorcycles	79	1.8	2.2	0.14	0.17
Transportation and storage	68	2.0	1.1	0.14	0.08
Accommodation and food service activities	63	0.7	2.4	0.04	0.15
Information and communication	48	3.1	1.5	0.15	0.07
Financial and insurance activities	83	1.7	0.5	0.14	0.04
Real estate activities	6	0.7	-0.1	0.00	0.00
Professional, scientific and technical activities	57	1.6	1.4	0.09	0.08
Administrative and support service activities	43	2.5	0.7	0.11	0.03
Public administration and defence; compulsory social security	185	3.3	0.5	0.61	0.09
Education	111	2.4	0.1	0.27	0.01
Human health and social work activities	73	3.0	-0.5	0.22	-0.04
Arts, entertainment and recreation	11	4.1	1.1	0.04	0.01
Other service activities	4	2.8	0.0	0.01	0.00
<b>All sectors</b>	<b>1000</b>	<b>2.0</b>	<b>1.2</b>	<b>2.00</b>	<b>1.20</b>
<i>of which General Government</i> <sup>2</sup>	336	3.0	0.2	1.01	0.07

<sup>1</sup> Provisional

<sup>2</sup> Ministries, government departments and agencies operating under them; municipalities; district councils and Rodrigues Regional Assembly

**Table 3 - Quarterly Wage Rate Indices, Q1 2012 - Q2 2022**

Year	Quarterly indices			
	Q1	Q2	Q3	Q4
<i>(Base: fourth quarter 2011 = 100)</i>				
2012	102.9	103.4	104.4	104.5
2013	112.0	113.2	116.9	117.3
2014	119.7	120.7	122.0	122.0
2015	126.3	127.6	128.5	128.5
2016	132.5	134.0	135.3	135.5
<i>(Base: fourth quarter 2016 = 100)</i>				
2017	102.4	103.3	104.5	104.9
2018	107.1	108.0	109.0	109.4
2019	111.8	112.4	113.4	113.6
2020	114.8	112.1	114.1	114.5
2021	114.6	116.2	117.6	121.1
<i>(Base: fourth quarter 2021 = 100)</i>				
2022 <sup>1</sup>	102.0	103.2		

**Table 4 - Quarterly and Yearly Wage Rate Indices, 2012 - 2022***(Base: fourth quarter 2021 = 100)*

Year	Quarterly indices				Year
	Q1	Q2	Q3	Q4	
2012	62.7	63.0	63.6	63.7	63.3
2013	68.3	69.0	71.3	71.5	70.0
2014	72.9	73.6	74.3	74.3	73.8
2015	77.0	77.8	78.3	78.3	77.9
2016	80.8	81.7	82.5	82.6	81.9
2017	84.6	85.3	86.3	86.6	85.7
2018	88.4	89.2	90.0	90.3	89.5
2019	92.3	92.8	93.6	93.8	93.1
2020	94.8	92.6	94.2	94.6	94.1
2021	94.6	96.0	97.1	100.0	96.9
2022 <sup>1</sup>	102.0	103.2			

<sup>1</sup> Provisional

**Table 5 - Quarterly Wage Rate Indices by main industry for the Private Sector, Q1 - Q2 2022***(Base: fourth quarter 2021 = 100)*

Industry (section)	Weight	Private sector	
		2022 <sup>1</sup>	
		Q1	Q2
<b>All sectors</b>	<b>543</b>	<b>101.5</b>	<b>103.4</b>
<i>of which</i>			
Agriculture, forestry and fishing	17	95.0	95.6
Manufacturing	84	100.3	103.7
Construction	30	100.2	104.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	75	102.1	104.5
Transportation and storage	20	102.0	104.4
Accommodation and food service activities	63	100.7	103.1
Information and communication	29	102.3	104.5
Financial and insurance activities	60	101.9	102.5
Professional, scientific and technical activities	52	102.0	103.6
Administrative and support service activities	43	102.5	103.2
Education	45	101.8	101.9

**Table 6 - Percentage change from previous quarter and contribution to overall change in index by main industry for the Private Sector, Q1 & Q2 2022***(Base: fourth quarter 2021 = 100)*

Industry (section)	Weight	2022 <sup>1</sup>			
		% change in index		Contribution to change in overall index point	
		Q1	Q2	Q1	Q2
<b>All sectors</b>	<b>543</b>	<b>1.5</b>	<b>1.9</b>	<b>0.81</b>	<b>1.03</b>
<i>of which</i>					
Agriculture, forestry and fishing	17	-5.0	0.6	-0.09	0.01
Manufacturing	84	0.3	3.4	0.03	0.28
Construction	30	0.2	4.3	0.01	0.13
Wholesale and retail trade; repair of motor vehicles and motorcycles	75	2.1	2.4	0.16	0.18
Transportation and storage	20	2.0	2.4	0.04	0.05
Accommodation and food service activities	63	0.7	2.4	0.04	0.15
Information and communication	29	2.3	2.2	0.07	0.06
Financial and insurance activities	60	1.9	0.6	0.11	0.04
Professional, scientific and technical activities	52	2.0	1.6	0.10	0.08
Administrative and support service activities	43	2.5	0.7	0.11	0.03
Education	45	1.8	0.1	0.08	0.00

<sup>1</sup> Provisional

**Table 7 - Quarterly Wage Rate Indices by main industry for the Public Sector <sup>1</sup>, Q1 - Q2 2022***(Base: fourth quarter 2021 = 100)*

Industry (section)	Weight	Public Sector <sup>1</sup>	
		2022 <sup>2</sup>	
		Q1	Q2
<b>All sectors</b>	<b>457</b>	<b>102.7</b>	<b>103.1</b>
<i>of which</i>			
Electricity, gas, steam and air conditioning supply	15	102.0	105.6
Transportation and storage	49	102.0	102.6
Information and communication	19	104.4	104.6
Financial and insurance activities	23	101.3	101.3
Public administration and defence; compulsory social security	185	103.3	103.8
Education	66	102.9	103.0
Human health and social work activities	67	102.5	101.9

**Table 8 - Percentage change from previous quarter and contribution to overall change in index by main industry for the Public Sector <sup>1</sup>, Q1 & Q2 2022***(Base: fourth quarter 2021 = 100)*

Industry (section)	Weight	2022 <sup>1</sup>			
		% change in index		Contribution to change in overall index point	
		Q1	Q2	Q1	Q2
<b>All sectors</b>	<b>457</b>	<b>2.7</b>	<b>0.4</b>	<b>1.23</b>	<b>0.18</b>
<i>of which</i>					
Electricity, gas, steam and air conditioning supply	15	2.0	3.5	0.03	0.05
Transportation and storage	49	2.0	0.6	0.10	0.03
Information and communication	19	4.4	0.2	0.08	0.00
Financial and insurance activities	23	1.3	0.0	0.03	0.00
Public administration and defence; compulsory social security	185	3.3	0.5	0.61	0.09
Education	66	2.9	0.1	0.19	0.01
Human health and social work activities	67	2.5	-0.6	0.17	-0.04

<sup>1</sup> Ministries, government departments and agencies operating under them; municipalities; district councils, Rodrigues Regional Assembly and Public enterprises

<sup>2</sup> Provisional

## Technical Note

### Methodology used for the compilation of the Wage Rate Index

#### 1. Definition

The Wage Rate Index (WRI) 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. Adopted approach

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 not possible, 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 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 59% of total employment in year 2021. '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.

The frame consists of a list of around 2500 'large' establishments as at March 2021. Establishments were stratified according to industry and arranged in order of size, i.e., the number of employees, within the industrial group. Within the strata, selection was proportional to size of establishment. A sample of about 12% was surveyed, representing some 300 establishments. 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. Sectors covered

Indices are disseminated by the Public and Private sectors.

The **Public sector** comprises Ministries, Government departments and agencies operating under them; municipalities; district councils, the Rodrigues Regional Assembly and Public enterprises.

#### 5. 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. December 2021. 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  $i^{\text{th}}$  occupation base period, December 2021

$R_i^o$  = wage rate of occupation i in base period, December 2021

$R_i^t$  = 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.

#### 6. Reference period

The base period for the index is quarter 4 2021 (i.e. Quarter 4, 2021=100) as from the first quarter of 2022. 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.

#### 7. Weights

Two sets of weights are used:

(i) **Weight for the industry groups** derived from the ‘Survey of Employment & Earnings, March 2020’ and

(ii) **Weight for occupations** within each activity (NSIC) sectorwise. Questionnaires were sent to around 2,500 large establishments at the end of March 2021 to cater for number employed in each category of occupation.

#### 8. 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.

### Evolution of weights from 2016 to 2021

#### Weights by industry group, previous and new base periods

Industry Section	Previous weight	New weight
	Base period: Dec 2016 = 100	Base period: Dec 2021 = 100
Agriculture, forestry and fishing	32	23
Mining and quarrying	3	3
Manufacturing	110	85
<i>of which Sugar</i>	4	4
<i>Food (excluding sugar)</i>	17	22
<i>Textiles</i>	46	28
Electricity, gas, steam and air conditioning supply	16	17
Water supply; sewerage, waste management and remediation activities	8	8
Construction	38	35
Wholesale and retail trade; repair of motor vehicles and motorcycles	73	79
Transportation and storage	69	68
Accommodation and food service activities	65	63
Information and communication	44	48
Financial and insurance activities	75	83
Real estate activities	4	6
Professional, scientific and technical activities	48	57
Administrative and support service activities	33	43
Public administration and defence; compulsory social security	181	185
Education	120	111
Human health and social work activities	69	73
Arts, entertainment and recreation	10	11
Other service activities	4	4