

WAGE RATE INDEX (WRI)

(Base: fourth quarter 2016 = 100)

Third Quarter 2021

1. Introduction

This issue of the Economic and Social Indicators (ESI) on wage rate index presents data for the third quarter of 2021 using as base the fourth quarter of 2016 (Q₄ 2016=100).

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 September 2021.

2. Movement of the overall wage rate index

The wage rate index increased by 1.0% or 1.2 points to reach 117.4 in third quarter 2021 from 116.2 in second quarter 2021 (Tables 1 and 2).

Compared to third quarter 2020, the wage rate index, which stood at 114.1, increased by 2.9% or 3.3 points (Table 3).

3. Movement of the sub-indices, 2nd Quarter 2021 to 3rd Quarter 2021

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

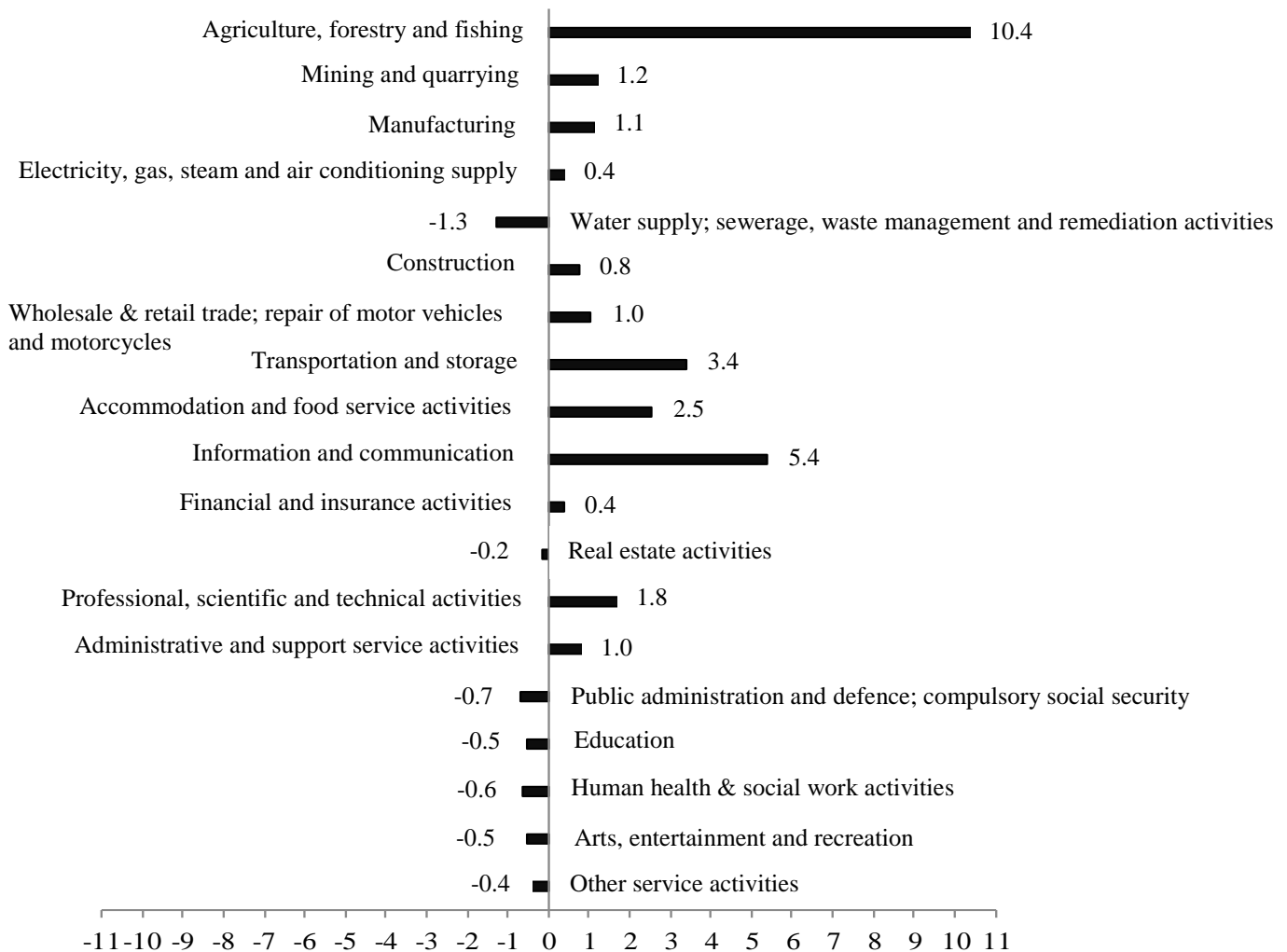
<i>Agriculture, forestry and fishing</i>	10.4%
<i>Information and communication</i>	5.4%
<i>Transport and storage</i>	3.4%
<i>Accommodation and food service activities</i>	2.5%
<i>Textiles manufacturing</i>	1.7%

Decreases were as follows:

<i>Public administration and defence; compulsory social security</i>	-0.7%
<i>Human health and social work activities</i>	-0.6%
<i>Education</i>	-0.5%

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

**Chart 1: % Change in Wage Rate Index from
2nd Quarter 2021 to 3rd Quarter 2021**



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, decreased by 0.6% or 0.7 point from 112.7 in second quarter 2021 to 112.0 in third quarter 2021.

Compared to third quarter 2020, the index, which stood at 110.3, increased by 1.5% or 1.7 points. This sector accounts for around 34% of the total weight of the wage rate index.

4. Movement of the sub-indices, 3rd Quarter 2020 to 3rd Quarter 2021

Table 3 compares the indices for the third quarter of 2021 with those of the corresponding quarter of 2020.

Main increases were registered in the following industry groups:

<i>Professional, scientific & technical activities</i>	10.1%
<i>Financial and insurance activities</i>	9.9%
<i>Administrative and support service activities</i>	8.6%
<i>Information and communication</i>	6.1%
<i>Transportation and storage</i>	4.7%
<i>Public administration and defence; compulsory social security</i>	2.0%

Main decreases were registered in the following:

<i>Water supply; sewerage, waste management and remediation activities</i>	-19.9%
<i>Textiles manufacturing</i>	-4.2%

The decreases in the above sector are mainly explained by changes in the mix of employees within occupations and a decline in regular allowances.

5. Indices for the Private and Public sectors, Q3 2021

The index for the private sector which accounts for around 54% of the total weight of the wage rate index increased by 1.4% or 1.7 points from 118.6 in second quarter 2021 to 120.3 in third quarter 2021 (Tables 6 & 7).

Compared to third quarter 2020, the index for the private sector, which stood at 116.3, increased by 3.4% or 4.0 points (Table 8).

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 0.6% or 0.7 point from 113.4 in second quarter 2021 to 114.1 in third quarter 2021 (Tables 9 & 10).

Compared to third quarter 2020, the index for the public sector, which stood at 111.4, increased by 2.4% or 2.7 points (Table 11).

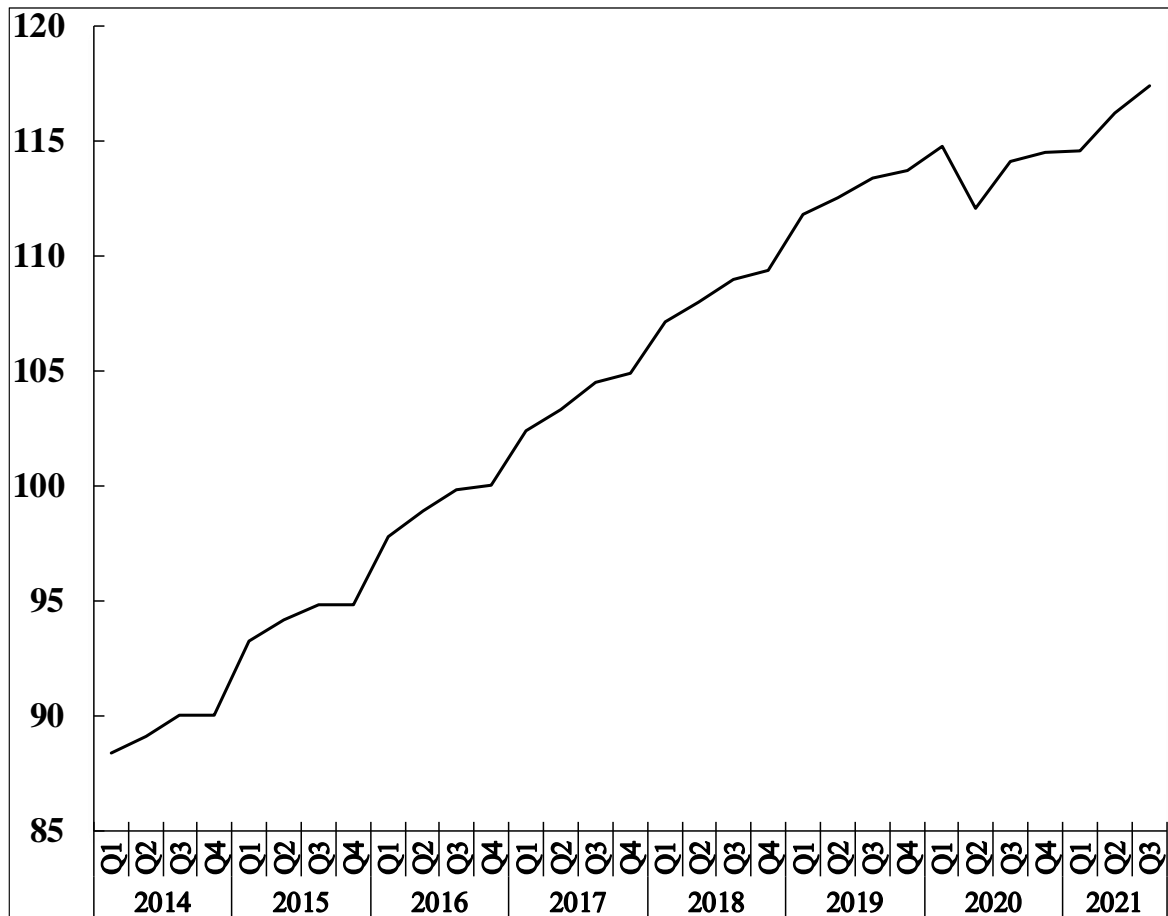
6. Past trend

Table 4 presents the quarterly indices from first quarter 2007 to third quarter 2021 with different base periods. As from 2017, the base period is fourth quarter 2016.

To enable comparison between the two series, chain link series with fourth quarter 2016 as base has been worked out and is provided in Table 5.

Chart 2 depicts the trend of the quarterly wage rate index from 2014 to 2021 using fourth quarter 2016 as base period. It shows a general upward movement in the index throughout the period up to third quarter 2021 except for a decline in second quarter 2020.

**Chart 2 - Wage rate index,
1st quarter 2014 – 3rd quarter 2021**
(Base: fourth quarter 2016=100)



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Table 1 - Quarterly Wage Rate Indices by industry, Q1 2020 to Q3 2021*(Base: fourth quarter 2016 = 100)*

Industry (section)	Weight	2020 ¹				2021 ²		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture, forestry and fishing	32	99.5	103.6	115.4	105.1	101.4	102.7	113.4
Mining and quarrying	3	125.1	124.8	129.1	126.1	122.2	129.7	131.3
Manufacturing	110	122.0	122.1	124.1	125.0	117.5	122.8	124.2
<i>of which Sugar</i>	4	112.5	115.2	117.8	113.4	106.8	111.4	117.1
<i>Food (excluding sugar)</i>	17	133.0	135.1	133.5	134.1	136.1	135.2	135.8
<i>Textiles</i>	46	125.3	124.8	132.2	127.1	114.7	124.5	126.6
Electricity, gas, steam and air conditioning supply	16	119.6	118.9	118.5	117.6	117.7	120.7	121.2
Water supply; sewerage, waste management and remediation activities	8	132.8	132.2	133.1	111.6	107.3	108.0	106.6
Construction	38	113.3	108.7	111.0	116.9	111.3	115.6	116.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	73	116.5	111.3	114.2	115.8	115.6	115.6	116.8
Transportation and storage	69	115.6	103.2	104.2	102.8	102.5	105.5	109.1
Accommodation and food service activities	65	112.3	106.9	110.2	111.8	111.2	110.3	113.1
Information and communication	44	125.9	125.0	127.1	128.6	127.9	128.0	134.9
Financial and insurance activities	75	118.7	114.4	119.7	123.4	130.5	131.1	131.6
Real estate activities	4	110.8	110.0	115.6	117.8	115.2	117.0	116.8
Professional, scientific and technical activities	48	107.8	102.8	103.5	106.0	106.9	112.0	114.0
Administrative and support service activities	33	130.8	121.0	124.2	124.9	128.1	133.5	134.9
Public administration and defence; compulsory social security	181	109.9	109.7	109.8	109.9	112.4	112.8	112.0
Education	120	112.8	112.4	112.6	112.5	114.5	114.5	113.9
Human health and social work activities	69	109.5	109.4	109.8	109.9	111.7	111.4	110.7
Arts, entertainment and recreation	10	115.9	114.5	115.3	115.4	113.9	116.2	115.6
Other service activities	4	116.2	113.6	114.7	114.7	115.2	115.3	114.8
All sectors	1000	114.8	112.1	114.1	114.5	114.6	116.2	117.4
<i>of which General Government</i> ³	335	110.3	110.1	110.3	110.3	112.6	112.7	112.0

¹ Revised² Provisional³ 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 2020 to Q3 2021

(Base: fourth quarter 2016 = 100)

Industry (section)	Weight	% change in index							Contribution to change in overall index point						
		2020 ¹				2021 ²			2020 ¹				2021 ²		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture, forestry and fishing	32	-6.3	4.1	11.4	-8.9	-3.5	1.3	10.4	-0.21	0.10	0.38	-0.33	-0.12	0.04	0.32
Mining and quarrying	3	2.0	-0.2	3.4	-2.3	-3.1	6.1	1.2	0.01	0.00	0.01	-0.01	-0.01	0.02	0.00
Manufacturing	110	-2.6	0.1	1.6	0.7	-6.0	4.5	1.1	-0.35	0.01	0.22	0.10	-0.83	0.63	0.15
<i>of which Sugar</i>	4	-12.0	2.4	2.3	-3.7	-5.8	4.3	5.1	-0.06	0.01	0.01	-0.02	-0.03	0.02	0.02
<i>Food (excluding sugar)</i>	17	1.4	1.6	-1.2	0.4	1.5	-0.7	0.4	0.03	0.04	-0.03	0.01	0.03	-0.02	0.01
<i>Textiles</i>	46	-2.4	-0.4	5.9	-3.9	-9.8	8.5	1.7	-0.14	-0.02	0.34	-0.23	-0.57	0.45	0.10
Electricity, gas, steam and air conditioning supply	16	0.2	-0.6	-0.3	-0.8	0.1	2.5	0.4	0.00	-0.01	-0.01	-0.01	0.00	0.05	0.01
Water supply; sewerage, waste management and remediation activities	8	12.4	-0.5	0.7	-16.2	-3.9	0.7	-1.3	0.12	0.00	0.01	-0.17	-0.03	0.01	-0.01
Construction	38	2.4	-4.1	2.1	5.3	-4.8	3.9	0.8	0.10	-0.17	0.09	0.22	-0.21	0.16	0.03
Wholesale and retail trade; repair of motor vehicles and motorcycles	73	-0.8	-4.5	2.6	1.4	-0.2	0.0	1.0	-0.07	-0.38	0.21	0.12	-0.01	0.00	0.09
Transportation and storage	69	-0.4	-10.7	1.0	-1.3	-0.3	2.9	3.4	-0.03	-0.86	0.07	-0.10	-0.02	0.21	0.23
Accommodation and food service activities	65	1.6	-4.8	3.1	1.5	-0.5	-0.8	2.5	0.12	-0.35	0.21	0.10	-0.04	-0.06	0.18
Information and communication	44	1.8	-0.7	1.7	1.2	-0.5	0.1	5.4	0.10	-0.04	0.09	0.07	-0.03	0.00	0.28
Financial and insurance activities	75	0.0	-3.6	4.6	3.1	5.8	0.5	0.4	0.00	-0.32	0.48	0.24	0.53	0.04	0.04
Real estate activities	4	0.4	-0.7	5.1	1.9	-2.2	1.6	-0.2	0.00	0.00	0.02	0.01	-0.01	0.01	0.00
Professional, scientific and technical activities	48	-3.5	-4.6	0.7	2.4	0.8	4.8	1.8	-0.19	-0.24	0.03	0.12	0.04	0.24	0.10
Administrative and support service activities	33	0.4	-7.5	2.6	0.6	2.6	4.2	1.0	0.02	-0.32	0.11	0.02	0.11	0.18	0.05
Public administration and defence; compulsory social security	181	4.5	-0.2	0.1	0.1	2.3	0.4	-0.7	0.76	-0.04	0.02	0.02	0.39	0.07	-0.14
Education	120	3.1	-0.4	0.2	-0.1	1.8	0.0	-0.5	0.41	-0.05	0.02	-0.01	0.24	0.00	-0.07
Human health and social work activities	69	4.1	-0.1	0.4	0.1	1.6	-0.3	-0.6	0.30	-0.01	0.03	0.01	0.12	-0.02	-0.05
Arts, entertainment and recreation	10	1.0	-1.2	0.7	0.1	-1.3	2.0	-0.5	0.01	-0.01	0.01	0.00	-0.02	0.02	-0.01
Other service activities	4	0.9	-2.2	1.0	0.0	0.4	0.1	-0.4	0.00	-0.01	0.00	0.00	0.00	0.00	0.00
All sectors	1000	1.0	-2.4	1.8	0.4	0.1	1.4	1.0	1.10	-2.70	2.00	0.40	0.10	1.60	1.20
<i>of which General Government</i> ³	335	4.5	-0.2	0.2	0.0	2.1	0.1	-0.6	1.61	-0.07	0.07	0.00	0.77	0.03	-0.23

¹ Revised² Provisional³ Ministries, government departments and agencies operating under them; municipalities; district councils and Rodrigues Regional Assembly

Table 3 - Percentage change from corresponding quarter of the previous year and contribution to overall change in index by industry, Q3 2020 & Q3 2021

(Base: fourth quarter 2016 = 100)

Industry (section)	Weight	Q3 2021 / Q3 2020	
		% change in index	Contribution to change in overall index point
Agriculture, forestry and fishing	32	-1.7	-0.06
Mining and quarrying	3	1.7	0.01
Manufacturing	110	0.1	0.01
<i>of which Sugar</i>	4	-0.6	0.00
<i>Food (excluding sugar)</i>	17	1.7	0.04
<i>Textiles</i>	46	-4.2	-0.26
Electricity, gas, steam and air conditioning supply	16	2.3	0.04
Water supply; sewerage, waste management and remediation activities	8	-19.9	-0.21
Construction	38	5.0	0.21
Wholesale and retail trade; repair of motor vehicles and motorcycles	73	2.3	0.19
Transportation and storage	69	4.7	0.34
Accommodation and food service activities	65	2.6	0.19
Information and communication	44	6.1	0.34
Financial and insurance activities	75	9.9	0.84
Real estate activities	4	1.0	0.00
Professional, scientific and technical activities	48	10.1	0.46
Administrative and support service activities	33	8.6	0.35
Public administration and defence; compulsory social security	181	2.0	0.36
Education	120	1.2	0.16
Human health and social work activities	69	0.8	0.06
Arts, entertainment and recreation	10	0.3	0.00
Other service activities	4	0.1	0.00
All sectors	1000	2.9	3.30
<i>of which General Government</i> ¹	335	1.5	0.57

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

Table 4 - Quarterly Wage Rate Indices, Q1 2007 - Q3 2021

Year	Quarterly indices			
	Q1	Q2	Q3	Q4
<i>(Base: third quarter 2006 = 100)</i>				
2007	101.1	102.2	107.6	108.0
2008	109.2	109.7	128.8	128.1
2009	128.0	128.8	135.0	135.9
2010	137.2	138.6	142.2	142.4
2011	143.3	143.5	145.6	145.6
<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	112.5	113.4	113.7
2020 ¹	114.8	112.1	114.1	114.5
2021 ²	114.6	116.2	117.4	

Table 5 - Quarterly and Yearly Wage Rate Indices, 2007 - 2021*(Base: fourth quarter 2016 = 100)*

Year	Quarterly indices				Year
	Q1	Q2	Q3	Q4	
2007	51.2	51.8	54.5	54.8	53.1
2008	55.4	55.6	65.3	64.9	60.3
2009	64.9	65.3	68.4	68.9	66.9
2010	69.5	70.3	72.1	72.2	71.0
2011	72.6	72.8	73.8	73.8	73.3
2012	75.9	76.3	77.0	77.1	76.6
2013	82.7	83.5	86.3	86.6	84.8
2014	88.3	89.1	90.0	90.0	89.4
2015	93.2	94.2	94.8	94.8	94.3
2016	97.8	98.9	99.9	100.0	99.2
2017	102.4	103.3	104.5	104.9	103.8
2018	107.1	108.0	109.0	109.4	108.4
2019	111.8	112.5	113.4	113.7	112.9
2020 ¹	114.8	112.1	114.1	114.5	113.9
2021 ²	114.6	116.2	117.4		

¹ Revised ² Provisional

Table 6 - Quarterly Wage Rate Indices by main industry for the Private Sector, Q1 2020 to Q3 2021*(Base: fourth quarter 2016 = 100)*

Industry (section)	Weight	Private sector						
		2020 ¹				2021 ²		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
All sectors	543	116.0	113.3	116.3	117.4	116.0	118.6	120.3
<i>of which</i>								
Agriculture, forestry and fishing	23	94.0	99.9	116.7	102.3	95.9	96.8	109.7
Manufacturing	110	122.0	122.1	124.1	125.0	117.5	122.8	124.2
Construction	30	113.3	107.4	110.5	118.1	110.4	116.1	117.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	69	116.6	112.6	115.7	117.1	116.3	116.9	118.0
Transportation and storage	20	122.3	121.1	121.9	125.1	121.5	124.8	124.7
Accommodation and food service activities	65	112.3	106.9	110.2	111.8	111.2	110.3	113.1
Information and communication	27	113.9	113.9	115.7	118.2	114.9	115.3	117.6
Financial and insurance activities	50	115.9	111.8	117.8	120.5	130.8	131.8	132.3
Professional, scientific and technical activities	44	107.5	102.2	103.0	105.5	106.5	112.0	114.5
Administrative and support service activities	33	130.8	121.0	124.2	124.9	128.1	133.5	134.9
Education	46	115.5	114.6	114.8	114.8	117.0	117.6	116.0

Table 7- Percentage change from previous quarter and contribution to overall change in index by main industry for the Private Sector, Q1 2020 to Q3 2021*(Base: fourth quarter 2016 = 100)*

Industry (section)	Weight	% change in index							Contribution to change in overall index point						
		2020 ¹				2021 ²			2020 ¹				2021 ²		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
All sectors	543	-0.9	-2.3	2.6	0.9	-1.2	2.2	1.4	-1.00	-2.70	3.00	1.10	-1.40	2.60	1.70
<i>of which</i>															
Agriculture, forestry and fishing	23	-11.7	6.3	16.8	-12.3	-6.3	0.9	13.3	-0.53	0.25	0.71	-0.61	-0.27	0.04	0.55
Manufacturing	110	-2.6	0.1	1.6	0.7	-6.0	4.5	1.1	-0.65	0.02	0.41	0.18	-1.52	1.07	0.28
Construction	30	1.5	-5.2	2.9	6.9	-6.5	5.2	0.9	0.09	-0.33	0.17	0.42	-0.43	0.31	0.06
Wholesale and retail trade; repair of motor vehicles and motorcycles	69	-0.8	-3.4	2.8	1.2	-0.7	0.5	0.9	-0.11	-0.51	0.39	0.18	-0.10	0.08	0.14
Transportation and storage	20	0.3	-1.0	0.7	2.6	-2.9	2.7	-0.1	0.01	-0.04	0.03	0.12	-0.13	0.12	0.00
Accommodation and food service activities	65	1.6	-4.8	3.1	1.5	-0.5	-0.8	2.5	0.22	-0.65	0.40	0.19	-0.07	-0.11	0.34
Information and communication	27	2.0	0.0	1.6	2.2	-2.8	0.3	2.0	0.11	0.00	0.09	0.12	-0.16	0.02	0.11
Financial and insurance activities	50	0.0	-3.5	5.4	2.3	8.5	0.8	0.4	0.00	-0.38	0.55	0.25	0.95	0.09	0.05
Professional, scientific and technical activities	44	-3.9	-4.9	0.8	2.4	0.9	5.2	2.2	-0.36	-0.43	0.06	0.20	0.08	0.45	0.20
Administrative and support service activities	33	0.4	-7.5	2.6	0.6	2.6	4.2	1.0	0.03	-0.60	0.19	0.04	0.19	0.33	0.09
Education	46	2.3	-0.8	0.2	0.0	1.9	0.5	-1.4	0.22	-0.08	0.02	0.00	0.19	0.05	-0.14

¹ Revised² Provisional

Table 8 - Percentage change from corresponding quarter of the previous year and contribution to overall change in index by main industry - Private Sector, Q3 2020 & Q3 2021

(Base: fourth quarter 2016 = 100)

Industry (section)	Weight	Q3 2021 / Q3 2020	
		% change in index	Contribution to change in overall index point
All sectors	543	3.4	4.00
<i>of which</i>			
Agriculture, forestry and fishing	23	-6.0	-0.30
Manufacturing	110	0.1	0.02
Construction	30	6.1	0.37
Wholesale and retail trade; repair of motor vehicles and motorcycles	69	2.0	0.29
Transportation and storage	20	2.3	0.10
Accommodation and food service activities	65	2.6	0.35
Information and communication	27	1.6	0.09
Financial and insurance activities	50	12.3	1.34
Professional, scientific and technical activities	44	11.2	0.93
Administrative and support service activities	33	8.6	0.65
Education	46	1.0	0.10

Table 9 - Quarterly Wage Rate Indices by main industry for the Public Sector, Q1 2020 to Q3 2021*(Base: fourth quarter 2016 = 100)*

Industry (section)	Weight	Public Sector ¹						
		2020 ²				2021 ³		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
All sectors	457	113.4	110.8	111.4	111.0	112.9	113.4	114.1
<i>of which</i>								
Electricity, gas, steam and air conditioning supply	15	121.0	119.4	119.5	118.9	118.6	121.7	122.2
Transportation and storage	49	112.9	95.9	96.9	93.7	94.7	97.6	102.7
Information and communication	17	144.9	142.7	145.2	145.2	148.6	148.3	162.5
Financial and insurance activities	25	124.2	119.5	123.6	129.1	129.9	129.8	130.3
Public administration and defence; compulsory social security	181	109.9	109.7	109.8	109.9	112.4	112.8	112.0
Education	73	111.1	111.1	111.2	111.0	112.9	112.6	112.5
Human health and social work activities	60	109.2	109.2	109.6	109.7	112.0	111.7	110.7

Table 10 - Percentage change from previous quarter and contribution to overall change in index by main industry for the Public Sector¹, Q1 2020 to Q3 2021*(Base: fourth quarter 2016 = 100)*

Industry (section)	Weight	% change in index							Contribution to change in overall index point						
		2020 ²				2021 ³			2020 ²				2021 ³		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
All sectors	457	3.4	-2.3	0.5	-0.4	1.7	0.4	0.6	3.70	-2.60	0.60	-0.40	1.90	0.50	0.70
<i>of which</i>															
Electricity, gas, steam and air conditioning supply	15	0.4	-1.3	0.1	-0.5	-0.3	2.6	0.4	0.02	-0.05	0.00	-0.02	-0.01	0.10	0.02
Transportation and storage	49	-0.7	-15.1	1.0	-3.3	1.1	3.1	5.2	-0.09	-1.82	0.11	-0.34	0.11	0.31	0.55
Information and communication	17	1.4	-1.5	1.8	0.0	2.3	-0.2	9.6	0.07	-0.08	0.09	0.00	0.13	-0.01	0.53
Financial and insurance activities	25	-0.1	-3.8	3.4	4.4	0.6	-0.1	0.4	-0.01	-0.26	0.22	0.30	0.04	-0.01	0.03
Public administration and defence; compulsory social security	181	4.5	-0.2	0.1	0.1	2.3	0.4	-0.7	1.86	-0.08	0.04	0.04	0.99	0.16	-0.32
Education	73	3.6	0.0	0.1	-0.2	1.7	-0.3	-0.1	0.62	0.00	0.02	-0.03	0.30	-0.05	-0.02
Human health and social work activities	60	5.1	0.0	0.4	0.1	2.1	-0.3	-0.9	0.70	0.00	0.05	0.01	0.30	-0.04	-0.13

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

² Revised

³ Provisional

Table 11 - Percentage change from corresponding quarter of the previous year and contribution to overall change in index by main industry - Public Sector ¹, Q3 2020 & Q3 2021

(Base: fourth quarter 2016 = 100)

Industry (section)	Weight	Q3 2021 / Q3 2020	
		% change in index	Contribution to change in overall index point
All sectors	457	2.4	2.70
<i>of which</i>			
Electricity, gas, steam and air conditioning supply	15	2.3	0.09
Transportation and storage	49	6.0	0.62
Information and communication	17	11.9	0.64
Financial and insurance activities	25	5.4	0.37
Public administration and defence; compulsory social security	181	2.0	0.87
Education	73	1.2	0.21
Human health and social work activities	60	1.0	0.14

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

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. Approach adopted

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 55% of total employment in year 2017. '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 all 'large' establishments (about 2,750) as at March 2016. 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 9% was surveyed, representing some 250 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 2016. 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 base period, December 2016

R_i^o = wage rate of occupation i in base period, December 2016

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 2016 (i.e. Quarter 4, 2016=100) as from the first quarter of 2017. 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.

7. Weights

Two sets of weights are used:

(i) **Weight for the industry groups** derived from the ‘Survey of Employment & Earnings, March 2015’ and

(ii) **Weight for occupations** within each activity (NSIC) sectorwise. Questionnaires were sent to around 1,200 large establishments at the end of March 2016 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.