



Confédération des Travailleurs du Secteur Privé

INTRODUCTION OF A PORTABLE SEVERANCE ALLOWANCE FUND

The republic of Mauritius is not an exception. Like other countries of the World, Mauritius is under the whims of the capitalist forces. The new world order favours only capital without any due consideration to social and labour clause. Everything is to be controlled by market forces. The right to live decently as a basic fundamental human right is now only a slogan. The human being is only a commodity and has a market value in relation to our capacity to produce.

Labour laws are no longer meant to protect the workers. They are being amended to protect the interest of the investors. The limit of over-exploitation once defined under the labour laws are now left under the whims of the labour market. The chance of getting a decent job is very low. Local workers have to compete with foreign workers who are already subjected to over-exploitation. The demand is always much higher than the supply of decent jobs.

The offer is clear, *"either you submit or you perish"*. Every rupee invested should have a quick positive return on the productivity and competitiveness of the business. They no longer bear to accept a reduction in efficiency due to old age, illness or any other reasons. There is no place for the *"Canard Boiteux"* in the enterprise. At no cost should any human, moral, emotional or other values impede on the profitability of the business.

In the existing legislations, the bosses had many ways and means to sack the workers. The right to hire and fire **was already** there explicitly in the legislations. Still they are not satisfied. They want to fire at no cost of compensation. After drinking its juice, they are claiming the right to throw the empty can without any penalty or consideration. Under this trend, we are going directly towards a havoc.

Their exigencies are similar to the Structural Adjustment Programme of the I.M.F. The conditions for investments and job creations are subject to a complete deregulation of Labour Laws.

Amongst others they have convinced the political deciders that the cost of notice and the *"cost of Separation"* should be reviewed. The labour Act amended accordingly.

The state will act as a facilitator in the process of sacking. *"We can no longer protect employment, only the worker should be protected"* says the Minister of Finance.

The era of barbarism and slavery is back. The responsibility lies in the hands of the political deciders.

In fact neither the employment nor the workers are being protected. A return towards seasonal work and a decrease in severance allowance and notice will inevitably lead to a return to the old days where social injustice rules.

The payment of a severance allowance for completion of service **is the basic fundamental right of the worker.**

Payment of a Severance Allowance should not be linked with the termination of employment. The *"Confederation des Travailleurs du Secteur Prive"* proposes that severance allowance be linked to every monthly completion of service as a due. It is a due that the worker has already worked for.

All workers whether employed on contractual basis, on permanent establishment or foreign workers should benefit from same.

The employer should contribute one day's remuneration for every month in employment in a **"PORTABLE SEVERANCE ALLOWANCE FUND"**. The contribution shall be in relation to the worker's total earnings for the month in employment.

In introducing the system of a *"Portable Severance Allowance Fund"* Government will correct other anomalies and do more justice to the workers.

- (1) As all workers will benefit from the contributions made by their employer/employers at the age of retirement, it will be more conducive for workers to accept casual jobs. It will encourage the mobility of the workers.
- (2) The contributions will be in relation to the earnings of the workers. The workers will be encouraged to earn more as it will have a positive impact.
- (3) The foreign workers will also benefit from the payment of a severance allowance at the end of their contract.
- (4) The workers will no longer be subjected to the sudden closure of the business with no funds available to pay a severance allowance.

- (5) No worker will be subjected to a non-payment of a severance allowance even if his employment has been terminated due to disciplinary measures as the contributions made by the employer is in relation to past months of service.
- (6) The payment of a severance allowance solely at the age of retirement will surely help the beneficiary to plan a better future during their old days, thus benefiting from more social protection.
- (7) The workers will benefit from their severance allowance with a cumulative interest.
- (8) The workers will be more encouraged to invest themselves in training and acquiring new skills in order to increase their chance of getting a better job and not remaining unemployed

The introduction of the "Portable Severance Allowance Fund" will inevitably have a positive impact on the socio-economic situation of Mauritius.

The bosses will no longer terminate the jobs of the workers through fake disciplinary committees in order to evade the payment of the severance allowance. This will lead to less antagonist approach between the workers and their employer. The Authorities and institutions under the Ministry of Labour will be subjected to less pressure with less cases of unjustified termination of employment.

Finally, the decision lies in the hands of the political deciders and the determination of the workers of Mauritius to stop the deregulation of our labour laws. We have no other alternatives, *"Either we resist or we perish"*.

How the Portable Severance Allowance Fund benefits the State

Furthermore, the introduction of the "Portable Severance Allowance Fund" will help us to boost our economy.

Henceforth, the state will have at its servitude a fund of billions of rupees in the coming years. Soft loans from the Portable Severance Allowance Fund can be contracted by the state for development projects.

The Portable Severance Allowance Fund will definitely have a marked social bearing on our society.

Gone are the days when Government will have to inject public funds for the payment of a social targeted project.

The Portable Severance Allowance Fund is based on an individual contributory driven scheme. As such the beneficiary will benefit only his/her cumulated contributions plus all accrued benefits from investments in public projects.

There can only be positive outcomes for all from the introduction of the Portable Severance Allowance Fund.

Employers Contribution to the Fund

Employers instead of paying 15 days of Remuneration per year of service, will pay a maximum of 13 days remuneration per year of service (*assuming a worker has completed 12 months of service plus one day's contribution for the End of Year Bonus*).

The Government with benefit from social stability and more social justice with a guaranteed retirement life for our elders and the elimination of a major discrimination between workers on permanent establishment and casual workers. The workers will definitely stop regarding termination of employment as a fatality. The concept "*Life Long Learning for more employability*" will have its true sense. Workers will be able to value their skills and experience with a more mobile Labour Force.

This will definitely have a positive impact on the competitive edge of our economy.

Notwithstanding the self-employed, the Portable Severance Allowance Fund will be opened to self employed persons who desire to save for their future. With more incentive schemes with attractive bonus resulting from government secured investments, with a zero-risk initiative on investment if investment is targeted solely on public projects, workers may also contribute in addition to their employer's contribution in the Portable Severance Allowance Fund.

In the medium term, the mindset will change and Mauritius will be transformed into a "caring nation for its future".

However to prevent abuses and financial malingering, we need to have a proper "*Check and Balance*" system.

The Government initiative to transform Mauritius into a cyber nation will help in achieving our above mentioned objective.

With an e-government system, data should be available on line.

We believe that all citizens should have access to information self concerned on line as a priority.

Government decision to replace the national identity card by an electronic one is providential.

Electronic teller machine should be installed all over the island. Making use of the new electronic national identity card, the user must be able to check if the employer has contributed in the P.S.A.F. on a monthly basis. Thus the worker will himself ensure that his future is preserved.

Law must be amended with heavy penalties to those employers who will not credit their contributions in the fund.

And lastly, to prevent all abusive termination of employment, we insist that all termination of employment ought to be justified first before a competent institution.

To conclude, we hope our proposal for the introduction of a "Portable Severance Allowance Fund" will be seen in a more objective manner towards more social justice and therefore be positively entertained.

Reeaz Chuttoo
President – C.T.S.P.

Jane Ragoo (Ms.)
Secretary – C.T.S.P.