

12-INCOME

An edict dated November 13, 1985, relating to the basic principles of labour law in New Caledonia, indexed the **SMG guaranteed minimum wage** to changes in the **consumer price index**. On October 20, 2000 the “social pact” was signed by the majority of parties involved in the labour market, and, amongst other issues, provided for an improvement in the purchasing power of the lowest income earners. Accordingly, local laws n°2000-006 of January 15, 2001 and n°2005-1 of January 11, 2005 cast aside the rules for raising the minimum wage as defined under article 25 of the 1985 edict for the periods from January 1, 2001 to July 1, 2003, and from January 1, 2005 to 1 July, 2007. During these periods, the government of New Caledonia could increase the minimum wage by order. In virtue of these measures, the minimum wage progressively increased from 687.16 (January 1, 2000), to 838.00 (July 1, 2001), 921.80 (January 1, 2005) and 963.70 Euros (January 1, 2006). This amounted to an increase of almost 50% between December 2000 and January 2006, whereas prices increased by a little less than 10% for the same period, accordingly ensuring the rise in purchasing power for employees earning the minimum wage.

The guaranteed minimum agricultural wage (SMAG), equivalent to the minimum wage at December 31, 2000 and 85% of the same at January 1, 2003, has continued the same trends.

The revaluation of the SMG minimum wage brought about an increase in the private sector **negotiated minimum wage**, which had to be increased (particularly lower incomes) so as not to be lower than SMG. A degressive reduction in employer expenses for lower salaries (local law n°2001-011 of November 7, 2001) was introduced alongside the revaluation of the minimum wage, in order to lessen the impact on employers.

Even though gross territorial public sector salaries have generally followed inflation, civil servants' net salaries have been affected in recent years, specifically by the introduction of **RUAMM** and the widened **CLR** tax base which have led to higher social security contributions.

► **SMG Guaranteed minimum wage.** *The notion of a minimum wage first appeared in New Caledonia in 1952, under article 95 of the Overseas territories' labour code adopted by law on December 15, 1952. Edict n°85-1181 of November 13, 1985 replaced the inter-profession guaranteed minimum wage and the guaranteed minimum agricultural wage with the SMG Guaranteed minimum wage. The SMAG guaranteed minimum agricultural wage, for its part, was put in place by local law on January 15, 2001, to maintain purchasing power of agricultural wages.*

► **Consumption price index.** *Published monthly by ISEE, whenever this index records a rise of at least 0.5% in comparison to the index that was used to set most recent SMG, the latter is increased in the same proportion from the 1st day of the month following publication of the index that led to the increase. Since January 1993, in virtue of article 3 of deliberation n°393 of January 26, 1993, “all reference to a consumer price index for the determination of a service, remuneration, grant or any other benefit, will be understood to be an index that does not include the price of tobacco”. Consequently, ISEE has since published price indexes excluding tobacco.*

► **Negotiated minimum wage.** *Salaries in private sector businesses are not automatically linked to the retail consumption price index. They are adjusted internally according to the specific policies adopted by each individual business, in the context of yearly “recommendations” from the MEDEF employers' federation. At the same time, within professions, collective agreements negotiated by activity sector to define minimum scales with periodic reviews, are used to calculate salary indexes for each of the sectors.*

► **Collective agreements.** *See 11.5.*

► **RUAMM.** *See 12.2 ; CLR.* *See 12.3.*

SOURCES

- [1] Direction du Travail et de l'Emploi, données relatives au Salaire Minimum Garanti.
- [2] Institut de la Statistique et des Études Économiques (ISEE), Indice des prix à la consommation.
- [3] MEDEF Nouvelle-Calédonie, données relatives aux salaires minimum conventionnels.
- [4] Direction des Ressources Humaines et de la Fonction Publique de Nouvelle-Calédonie (DRHFPT) : www.drhfpt.gouv.nc

SEE ALSO

MEDEF, Flash-Info et les Dossiers.

12.1 MINIMUM WAGES

SMG Guaranteed minimum wage and SMAG Guaranteed minimum agricultural wage* [1]

	SMG (a)	SMAG (b)
1980	1.52	1.52
1985	2.76	2.76
1990	3.19	///
1995	3.61	///
2000	3.85	///
2001	4.07	3.89
2002	4.96	3.96
2003	4.96	4.21
2004	5.13	4.27
2005	5.45	4.64
2006	5.70	4.85

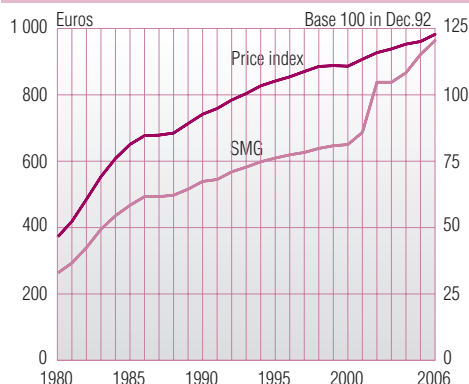
* Hourly rate at January 1 each year.

(a) SMIG from 1978 to 182, SMG from 1983.

(b) SMIG Agriculture from 1978 to 1987, SMAG from 2001.

Unit : Euros

Monthly SMG* and price index** [1 and 2]



* At January 1 each year.

** Excluding tobacco since 1993.

Negotiated minimum monthly gross wages* in the private sector's four main professional categories [3]

		Level 1	Level 2	Level 3	Level 4	Level 5	Management position A	Annual variation in level
Commerce	1990	621.80	755.04	954.90	1 132.56	1 354.63	1 599.18	1.5 to 9.3
	1995	698.05	847.64	1 072.01	1 271.46	1 520.76	1 748.63	2.1
	2000	778.87	894.65	1 131.47	1 341.97	1 605.11	1 847.09	0.2 to 3.7
	2006	963.70	1 004.39	1 226.96	1 455.23	1 740.57	2 005.89	2.2 to 4.7
Building-public works	1990	638.56	878.01	1 144.08	1 410.14	1 649.60	1 868.04	0.8
	1995	719.63	949.91	1 237.77	1 525.62	1 784.69	2 021.68	1
	2000	829.24	1 009.37	1 315.24	1 621.11	1 896.39	2 137.61	0.6 to 3.3
	2006	963.70	1 112.61	1 413.67	1 740.91	2 035.43	2 282.62	1.4 to 4.6
Hospitality (a)	1990	569.84	657.83	780.01	897.92	1 133.81	variable	2.0 to 5.0
	1995	661.85	763.84	914.26	1 052.53	1 329.49	variable	3
	2000	732.29	821.24	965.99	1 111.61	1 404.27	variable	0.5 to 1
	2006	963.70	984.65	1 089.40	1 198.34	1 508.40	variable	2.1 to 4.6
Industry	1990	605.25	762.16	963.91	1 143.24	1 367.41	1 873.28	1.9
	1995	699.23	849.06	1 073.81	1 273.59	1 523.32	2 067.07	1
	2000	769.16	901.77	1 140.48	1 352.66	1 617.88	2 194.43	0.5 to 4.1
	2006	963.70	1 006.86	1 221.80	1 448.06	1 730.89	2 340.25	1.2 to 4.6

* These negotiated salaries use the same initial grades as the levels indicated, and do not include any other bonuses, extra month's salary, or other perks).

Definitions of levels are the result of an identical interpretation based on four criteria, being autonomy, responsibility, type of activity, and required knowledge.

Level 1 : No qualifications - labourer, delivery person, dishwasher, non-specialist salesperson...

Level 2 : CEP - assistant laboratory operator, O3 labourer, apprentice chef, grade 1 qualified salesperson...

Level 3 : BEPC, BEP - grade 1 draughtsman, OP3 labourer, primary salesperson, cook, shorthand/typist...

Level 4 : BAC - Technician, Grade 2 draughtsman, chef's deputy, technical salesperson...

Level 5 : BAC + 2 (BTS, DUT...) - qualified computer programmer, chef, draughtsman-project designer...

Management position A : BAC + 4 - junior manager.

(a) With a view to simplicity and coherence, levels 4, 5, and 6 in hospitality are the same as levels 3, 4 and 5 on the table.

Units : Euros, %

Monthly gross salaries in territorial civil service* [4]

	1990	1995	2000	2001	2002	2003	2004	2005	2006
Administrative agent (BEPC)	1 352.87	1 517.51	1 658.87	1 667.16	1 745.56	1 768.32	1 777.15	1 777.15	1 809.34
Apprentice/Shorthand-typist (BEPC)	1 473.19	1 651.25	1 801.19	1 810.20	1 890.30	1 914.95	1 924.53	1 924.53	1 959.38
Administration secretary (BAC)	1 617.57	1 811.72	1 971.96	1 981.80	2 027.81	2 054.25	2 064.51	2 064.51	2 101.91
Drafter (BAC + 3)	1 928.85	2 157.69	2 332.79	2 344.46	2 387.58	2 418.70	2 430.80	2 430.80	2 474.82
Administration head (BAC + 3)	2 096.32	2 343.83	2 523.53	2 536.13	2 574.11	2 607.66	2 620.71	2 620.71	2 668.17

* At January 1 each year, remuneration at start of career in Nouméa.

Unit : Euros

12-INCOME

In compliance with the modified organic law of March 19, 1999, New Caledonia has authority in matters of social welfare and the fundamental principles of social security.

The general social security regime in New Caledonia has five branches: "illness, maternity, invalidity and death", "workplace accidents and professional illnesses", "old-age and widowhood", "family" and "unemployment". These five branches are managed by CAFAT.

Illness cover is provided for under regimes:

- **RUAMM Unified Illness-Maternity insurance regime**, which is compulsory for all wage-earners and assimilated (including civil servants) and independent workers. At the end of 2005, it covered almost 210 000 beneficiaries (contributors and their legal successors). This is complemented by mutual benefit societies, the main ones being the civil service, Commerce, SLN and Independent and liberal professions mutual benefit societies.

- **AMG Free medical aid**, which provides total illness cover for those not earning a wage or with few resources and, as a complementary regime for low income earners. There were approximately 59 000 beneficiaries at the end of 2005.

Unemployment insurance provides two types of cover: **total unemployment** and **partial unemployment** benefits.

The family benefit regime (antenatal and maternity benefits, family benefit and family bonus) was completed in 2005 by the **Family solidarity benefit (AFS)**.

According to ISEE economic accounts, in 2004 New Caledonian households received 712.3 million Euros in **welfare benefits** from the **public sector**, of which two-thirds were paid out by social security organisations. Almost 60% were cash payments, i.e. monetary (unemployment benefits, family benefits, **pensions**, education bursaries...), and 40% for services in kind (reimbursement of medical expenses, free medical aid, school transport...).

- ▶ **CAFAT**. The family benefit, workplace accident and worker protection compensation fund of New Caledonia was established in 1958. It is a legal entity with financial independence and operates in compliance with the modified law of April 1, 1898 relating to mutual benefit societies. Organisation and operation of CAFAT are defined by modified local law n°280 of 11/01/02 and modified deliberation n°280 of 19/12/01. Its funding comes for the majority from social security contributions, as well as revenue from taxes directed to CAFAT (solidarity tax on services, alcohol and tobacco tax, additional contributions to social security by companies).

- ▶ **RUAMM Unified Illness-Maternity insurance regime**. Established by local law n°2001-016 of January 11, 2002 and deliberation n°280 of December 19, 2001, it came into effect on July 1, 2002. Its creation is in line with the desire to implement a unified social security system in New Caledonia.

- ▶ **AMG Free medical aid**. Dependent on the provinces, management is the responsibility of the Provincial health and social welfare departments.

- ▶ **Total unemployment**. See 11.4; **Partial unemployment**. See 11.5.

- ▶ **Family solidarity benefits (AFS)**. Established by local law n°69 of 8/04/05, they came into effect on May 1, 2005. They give rise to a benefit payment of 79.61 Euros per dependent child to families until then excluded from family benefits under the general regime for salaried workers.

- ▶ **Welfare benefits**. They are defined as common transfers, in cash and in kind, in favour of households in order to alleviate the financial burden resulting from certain social needs, the existence of handicaps and other risk cover. They are paid by the **public sector**.

- ▶ **Public sector**. See 15.1; **Pensions**. See 12.3.

SOURCES

[1] Directions Provinciales de l'Action Sanitaire et Sociale (DPASS Nord, Sud, Îles), Comptes de la santé 2003 et données relatives à l'aide médicale.

[2] Mutuelle des fonctionnaires, mutuelle du commerce, Mutuelle SLN, Mutuelle des patentés et libéraux, données relatives au nombre de bénéficiaires et de cotisants.

[3] CAFAT, Rapports annuels d'activité.

Institut de la Statistique et des Études Économiques (ISEE), Comptes économiques, données relatives aux prestations sociales versées par le secteur public.

CAFAT, *Sécurité sociale en Nouvelle-Calédonie*, compilation, mise à jour avril 2005.

SEE ALSO

CAFAT : www.cafat.nc

Direction de l'Action Sanitaire et Sociale (DASS) : www.dass.gouv.nc

12.2 SOCIAL WELFARE AND ASSISTANCE

Reimbursement of services in kind* by organisation [1]

	1990	1995	2000	2001	2002	2003
CAFAT	52 082	95 281	139 309	150 907	175 486	224 023
Civil servants' mutual benefit soc.	8 531	11 556	15 369	15 319	15 796	15 076
Compl. mutual benefit societies (a)	5 606	10 299	16 366	14 464	14 866	11 816
Free medical aid	43 903	61 367	80 909	87 286	100 133	100 912
incl. Loyalty islands	11 489	12 495	18 042	17 414	18 947	20 573
North	12 495	21 646	25 249	30 436	37 341	39 009
South	19 919	27 218	37 609	39 436	43 844	41 330
Public contribution	13 701	16 726	19 408	17 321	7 157	3 453
Total	123 823	195 229	271 361	285 289	313 437	355 278

* Including care in dispensaries.
(a) Local and Metropolitan societies.

Unit: thousand Euros

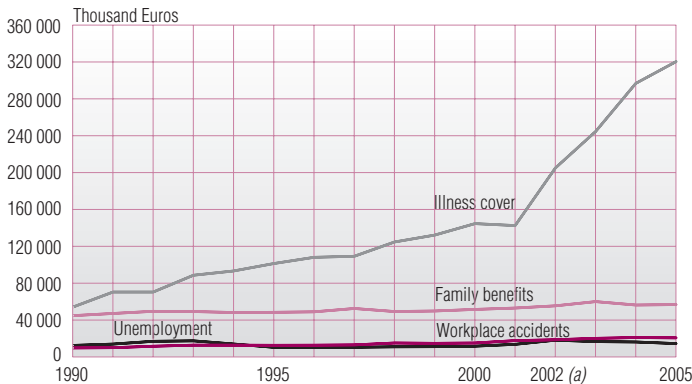
Major local social security organisations in 2005 [2]

	Contributors	Beneficiaries
CAFAT	101 076	209 035
Civil servants' mutual benefit soc.	25 708	58 367
Commerce mutual benefit soc.	nc	50 638
SLN mutual benefit soc.	5 023	13 437
Independent and liberal professions mutual benefit society	3 000	3 000
AMG Free medical aid (a)	-	58 974
Loyalty islands	-	10 758
North	-	17 994
South	-	30 222

(a) All inclusive.

Unit: number

CAFAT spending by regime* [3]



* Excluding the pensions regime (see 12.3).

(a) Implementation on July 1, 2002, of RUAMM Unified Illness-Maternity insurance regime.

CAFAT contribution rates in effect at January 1, 2006 [3]

	Rate			Salary limits
	Overall	Employer	Employee	
Family benefits	6.14	6.14	-	2 568.47
Pensions	13.00	9.10	3.90	2 568.47
Illness cover	15.15	11.30	3.85	3 344.46
Unemployment	1.86	1.52	0.34	2 568.47
Workplace accident	0.72 to 6.48	0.72 to 6.48	-	2 568.47

Units: %, Euros

CAFAT spending and revenue by regime* [3]

		Illness cover	Family benefits	Family solidarity benefits (a)	Workplace accidents	Unemployment
1990	Spending	54 051	44 791	///	9 788	12 503
	Revenue	50 003	49 601	///	10 617	11 732
1995	Spending	101 339	48 436	///	12 654	10 433
	Revenue	93 093	51 110	///	13 014	14 196
2000	Spending	144 630	51 571	///	15 134	11 698
	Revenue	132 446	59 054	///	15 905	11 229
2001	Spending	142 535	53 054	///	17 715	13 693
	Revenue	144 572	61 643	///	17 673	11 539
2002 (b)	Spending	204 975	55 459	///	18 646	18 193
	Revenue	199 620	64 409	///	17 556	11 615
2003	Spending	244 537	60 034	///	20 187	16 643
	Revenue	265 788	66 051	///	18 562	12 847
2004	Spending	296 794	56 330	///	21 042	16 240
	Revenue	289 579	61 987	///	19 651	15 084
2005	Spending	320 351	56 816	4 299	20 707	14 514
	Revenue	307 228	60 051	11 782	19 827	18 863

* Excluding pensions regime (see 12.3).

(a) Regime came into effect on April 1, 2006.

(b) Year of implementation of Unified Illness-Maternity insurance regime.

Unit: thousand Euros

12-INCOME

Established in 1961, the New Caledonia general **pension** regime operates, as is the case in Metropolitan France, on the basis of a distribution system ; it is anchored in the principle of solidarity between generations (contributions paid by workers in the regime are used to pay those retired under the same regime) as opposed to the capitalisation system. It revolves around :

- a **base regime**, for all wage-earners working in New Caledonia, including temporary agents in the administration. The latter make compulsory contributions to CAFAT old-age cover in relation to the level of their salary, which has a ceiling of 2 568.47 Euros at January 1, 2006. The standard age for retirement is set at 60 years ;

- a **complementary pension**, compulsory for managerial staff since 1984 and for all wage-earners since January 1, 1995. Complementary pension schemes and funds (**CRE** and **IRCAFEX**) are the domain of two federations, ARRCO and AGIRC, themselves managed by groups (Taitbout, Malakoff).

These regimes (base and complementary) covered 21 629 pension beneficiaries at the end of 2005 in New Caledonia (including reversion pensions). The demographic ratio of the base regime, which remained favourable for a long period, has fallen below 3 since 2001. In recent years, growth in the number of contributors leaving the regime to integrate another, specifically the civil service regime, is only partially compensated by job creation in the private sector.

In parallel to this general regime, there is a specific retirement regime for New Caledonia's civil servants (2 947 pensioners at the end of 2005). This regime, through the Local pension fund, was created by decree 54/48 of January 4, 1954. Up until 2002, it experienced little change, as the regime had been in surplus for 40 years. Moving into deficit in 1993, reform of **civil servant retirements** became a necessity.

Lastly, pensioners of the State civil service are paid directly by France (4 957 beneficiaries at the end of 2005).

- ▶ **Pension.** *All welfare benefits received by a person over a given age as a result of that person or his/her spouse having exercised a professional activity and having contributed to an old-age insurance regime. There are two types of pension : direct rights (rights acquired in return for previous contributions) and derived rights or reversion pensions to the benefit of widows, widowers or the orphan of a contributor.*

It is difficult to calculate the number of pensioners in New Caledonia, in so far as some pensioners work (early retirements or pensioners receiving a low benefit), others do not live in the territory (particularly those in the CAFAT regime) and lastly, some benefit from both regimes and are therefore counted twice.

- ▶ **Base regime.** *Established by Territorial Assembly deliberation n°300 of June 17, 1961 for the benefit of salaried workers subject to measures in legislation dated December 15, 1952 introducing the Labour code in the overseas territories. Management of this regime is the responsibility of CAFAT.*

- ▶ **Complementary pension.** *The AIT territorial inter-profession agreement of July 13, 1984, established compulsory affiliation to a complementary pension scheme for engineers, managerial staff and assimilated. The AIT agreement of August 29, 1994 widened the regime and made affiliation to **CRE** and **IRCAFEX** for managerial staff compulsory from January 1, 1995, for all wage earners and assimilated subject to compulsory contributions to the CAFAT old-age insurance regime.*

- ▶ **Civil servant retirements.** *In 2002, a first reform (deliberation 89/CP of May 7, 2002) related to indexing of the contribution base. In 2003, a series of measures relating to the lengthening of time in activity, reduction of temporary residence payments, new definitions for family benefits, age limit (...) were applied to the regime (deliberation 378 of June 11, 2003).*

SOURCES

[1] Groupe Taitbout CRE-IRCAFEX/délégation de Nouméa, données relatives à la retraite en Nouvelle-Calédonie.

[2] CAFAT, informations relatives au régime de retraite des salariés.

[3] OTRAF/Caisse Locale de Retraite, Rapport annuel d'activité 2005.

[4] Trésorerie Générale de Nouvelle-Calédonie, données relatives aux pensionnés de la fonction publique d'État en Nouvelle-Calédonie.

CAFAT, Rapport annuels d'activité.

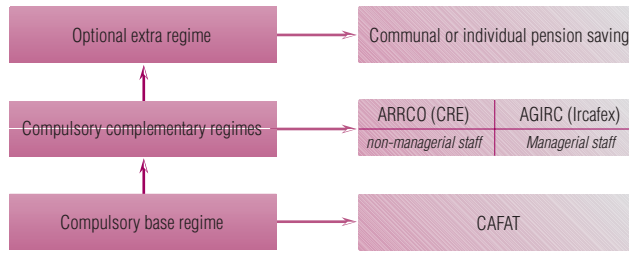
SEE ALSO

Groupe Taitbout CRE-IRCAFEX/délégation de Nouméa, *12 clés pour comprendre et préparer ma retraite.*

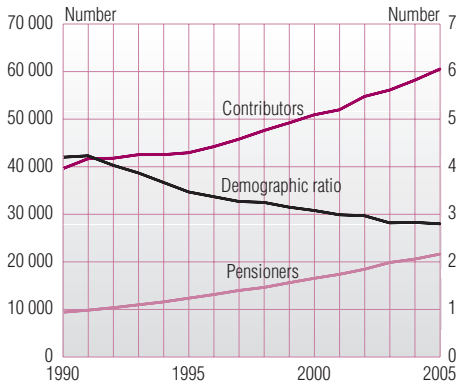
CAFAT : www.cafat.nc

Groupe Taitbout : www.groupe-taitbout.com

Employee pensions in New Caledonia (excluding civil servants) [1]

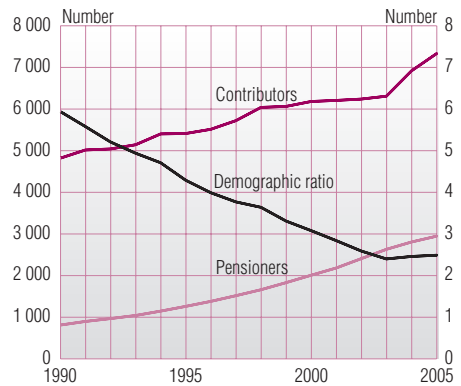


Contributors, pensioners and demographic ratio* of CAFAT general pension regime [2]



* Number of contributors/Number of pensioners

Contributors, pensioners and demographic ratio* of CLR retirement regime for New Caledonia's civil servants [3]



* Number of contributors/Number of pensioners

CAFAT general pension regime revenue and spending [2]

	Revenue	Spending	Balance
1990	55 920	50 883	5 036
1991	61 501	54 319	7 182
1992	65 230	58 836	6 394
1993	68 238	63 965	4 274
1994	68 289	68 540	-251
1995	68 984	71 590	-2 606
1996	72 940	75 847	-2 908
1997	71 951	79 367	-7 416
1998	87 806	84 320	3 486
1999	99 094	90 211	8 883
2000	104 683	97 359	7 324
2001	111 027	103 284	7 743
2002	115 728	110 960	4 768
2003	126 580	120 697	5 883
2004	131 868	127 007	4 860
2005	137 189	134 398	2 791

Unit : thousand Euros

Contributions received and benefits paid by CLR to New Caledonia's civil servants [3]

	Revenue	Spending	Balance
1990	17 179	13 894	3 285
1991	17 908	15 939	1 969
1992	20 389	18 461	1 927
1993	20 590	21 101	-511
1994	23 213	23 615	-402
1995	26 472	26 958	-486
1996	25 341	30 428	-5 087
1997	29 162	34 048	-4 886
1998	27 562	38 079	-10 517
1999	30 118	42 822	-12 704
2000	30 512	48 260	-17 749
2001	29 783	54 034	-24 252
2002	33 168	60 830	-27 662
2003	38 917	67 250	-28 333
2004	47 297	73 241	-25 944
2005	60 537	78 445	-17 908

Unit : thousand Euros

Number of pensioners and amounts paid under the various regimes [1 to 4]

	2000		2001		2002		2003		2004		2005	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
CAFAT pensioners (a)	16 431	89 775	17 273	96 010	18 346	102 957	19 466	112 032	20 487	120 840	21 629	128 549
Civil service pensioners	5 663	118 686	6 137	135 823	6 714	171 782	6 917	188 760	7 577	203 802	7 904	219 145
State	3 654	70 426	3 954	81 789	4 306	110 951	4 286	121 510	4 771	130 560	4 957	140 700
New Caledonia	2 009	48 260	2 183	54 034	2 408	60 830	2 631	67 250	2 806	73 241	2 947	78 445

* Including reversion pensions.

(a) Wage earners in the private sector and temporary agents in the public sector.

Units : number, thousand Euros