



KINGDOM OF CAMBODIA
NATION RELIGION KING

ក្រុមប្រឹក្សាអាជ្ញាកណ្តាល

THE ARBITRATION COUNCIL

Case number and name: 03/12-Camwell

Date of award: 30 January 2012

Dissenting opinion by Arbitrator Ing Sothy

ARBITRAL AWARD

(Issued under Article 313 of the Labour Law)

ARBITRAL PANEL

Arbitrator chosen by the employer party: **Ing Sothy**

Arbitrator chosen by the worker party: **Tuon Siphann**

Chair Arbitrator (chosen by the two Arbitrators): **Pen Bunchhea**

DISPUTANT PARTIES

Employer party:

Name: **Camwell MFG Co., Ltd. (the employer)**

Address: National Road 4, Bekchan Commune, Angsnoul District, Kandal Province

Telephone: 012 568 509

Fax: N/A

Representatives:

1. Mr But Thoeun General Manager
2. Mr Him Borin Administration staff

Worker party:

Name: **Cambodian Labour Union Federation (CLUF)**

Local Union of CLUF

Address: Traperngchouk Village, Teouk Thla Commune, Sen Sok District, Phnom Penh

Telephone: 012 837 768

Fax: N/A

Representatives:

1. Mr Khen Sokhorn General Secretary of CLUF
2. Ms Chuk Deurn President of the Local Union of CLUF
3. Ms Herm Sreypheap Vice-President of the Local Union of CLUF
4. Ms Chuk Lon Secretary of the Local Union of CLUF

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Procedural issues:

On 14 December 2011, the Department of Labour Disputes of Kandal Province received a complaint from CLUF outlining seven demands by the workers for the improvement of working conditions at Camwell MFG Co., Ltd. Upon receiving the claim, the Department of Labour Disputes of Kandal Province assigned an expert officer to conciliate the dispute and the last conciliation session was held on 28 December 2011. The employer sought to postpone the conciliation session, but the workers rejected the request. All seven non-conciliated issues were referred to the Secretariat of the Arbitration Council on 6 January 2012, via non-conciliation report No. 052/11 KB/KN dated 3 January 2012.

Upon receipt of the case, the Secretariat of the Arbitration Council summoned the employer and the workers to a hearing and conciliation of the seven non-conciliated issues, held on 16 January 2012 at 8:30 a.m. Both parties were present at the hearing. The Arbitration Council conducted a further conciliation of the seven issues, resulting in the resolution of issues 1, 2, and 4. Issues 3, 5, 6, and 7 remain unresolved.

As both parties are signatories to the Memorandum of Understanding On Improving Industrial Relations in the Garment Industry (MoU) dated 28 September 2010, the Arbitration Council will divide the issues into two types: rights disputes and interests disputes. In accordance with the MoU, both parties have agreed binding arbitration of rights disputes. However, this does not apply to interests disputes. The parties are able to choose non-binding arbitration of interests disputes and can object to an arbitral award on such disputes. Such an objection will not affect the parties' obligation to implement an award on rights disputes in accordance with the MoU. In this case, the two parties chose non-binding arbitration of interests disputes.

The Arbitration Council will consider the issues in dispute based on the evidence and reasons below.

EVIDENCE

Witnesses and Experts: N/A

Documents, Exhibits, and other evidence considered by the Arbitration Council:

A. Provided by the employer party: N/A

B. Provided by the worker party:

1. Registration certificate of the Local Union of CLUF, No. 2360 dated 3 January 2012.
2. Letter from the Ministry of Labour and Vocational Training certifying that the Local Union of CLUF has been formally registered since the date of the signature on the certificate of registration, No. 004/12 KB dated 3 January 2012.

C. Provided by the Ministry of Labour and Vocational Training:

1. Report on collective labour dispute resolution at Camwell MFG Co., Ltd., No. 052/11 KB/KN, dated 3 January 2012.
2. Minutes of collective labour dispute resolution at Camwell MFG Co., Ltd., dated 28 December 2011.

D. Provided by the Secretariat of the Arbitration Council:

1. Notice to attend the hearing addressed to the employer, No. 30 KB/AK/VK/LKA dated 10 January 2011.
2. Notice to attend the hearing addressed to the workers, No. 31 KB/AK/VK/LKA dated 10 January 2011.

FACTS

- Having examined the report on collective labour dispute resolution;
- Having listened to the statements of the representatives of the employer and the workers; and
- Having reviewed the additional documents;

The Arbitration Council finds that:

- Camwell MFG Co., Ltd. (Camwell) operates a garment factory. It currently employs a total of 1,500 workers.
- The Local Union of CLUF is the claimant in this case. It holds a registration certificate, No. 2360 dated 3 January 2012. It claims to represent 200 workers. It does not hold a certificate of most representative status (MRS).

Issue 3: The workers demand that the employer pay the meal allowance each Saturday.

- Normally, workers receive a 2,000 riel meal allowance for overtime work from Monday to Friday from 4:00 to 6:00 p.m. The employer pays the overtime meal allowance on a monthly basis, on the 10th of every month.
- The workers make this demand because they need money to buy meals when they work overtime and they want to avoid taking out loans to buy their meals. Further, other factories pay the overtime meal allowance to workers each Saturday.
- The employer refuses to accommodate the workers' demand because its practice regarding the provision of the overtime meal allowance has been in place since 1998. Moreover, it has a large number of workers to whom a variety of bonuses must be paid. The employer asserts that it has a team of accountants responsible for five factory buildings and five administration staff in each of the five buildings. Thus, due

to its shortage of human resources staff, the employer refuses to accommodate the workers' demand.

- The workers and the employer agree that they do not have an agreement in place in relation to this demand.

Issue 5: The workers demand that the employer provide a monthly US\$ 10 transportation and accommodation allowance to each worker.

- The workers make this demand due to the increase in house rental and transportation fees. The workers assert that other factories have cars to transport the workers to the factories and back to their homes.
- The employer has not in the past provided a transportation and accommodation allowance to workers.
- The workers state that because the employer has not previously provided the allowance, they request that the employer start to provide it now. The provision of the allowance will reward workers who work hard for the employer.
- The workers and the employer agree that they do not have an agreement in place in relation to this demand.

Issue 6: The workers demand that the employer deduct from the attendance bonus in proportion to the number of days of authorised leave taken.

- The workers make this demand because the leave is authorised by the employer and previous rulings of the Arbitration Council have ordered employers to deduct from the attendance bonus in proportion to the number of days of authorised leave taken.
- The employer refuses to accommodate the demand.
- The employer's practice is to deduct US\$ 2 from the attendance bonus if workers take leave of one day and an additional US\$ 4 for leave of two days (i.e. US\$ 6 is deducted for a two day absence), and to deduct the full attendance bonus for leave of three days.
- The employer has made a proportionate deduction from the attendance bonus of probationary workers since November 2011. The employer is considering applying the same practice to regular workers.

Issue 7: The workers demand that the employer provide an additional monthly US\$ 5 attendance bonus on top of the existing attendance bonus.

- The employer's practice is to provide a monthly US\$ 7 attendance bonus. The workers demand for an additional US\$ 5 on top of the existing US\$ 7 bonus is aimed

at rewarding workers for their hard work. They argue that if the employer increases the attendance bonus even more, the workers will work even harder.

- The workers make this demand because operators of other factories, such as Sabrina (Cambodia) Garment MFG Corp., have provided their workers with an additional attendance bonus.
- The workers and the employer agree that they do not have an agreement in place in relation to this demand.

REASONS FOR DECISION

As both parties are signatories to the Memorandum of Understanding On Improving Industrial Relations in the Garment Industry (MoU) dated 28 September 2010, they are unable to object to binding arbitration of rights disputes; however, the parties are able to object to an award on interests dispute because they have chosen non-binding arbitration of such disputes. Thus, the Arbitration Council will define rights and interests disputes below.

The Arbitration Council finds that rights and interests disputes are not specifically defined in any provision of the law. Thus, the Arbitration Council will provide a definition based on provisions in the Labour Law and labour-related regulations.

Article 312, paragraph two of the Labour Law (1997) states:

The Council of Arbitration legally decides on disputes concerning the interpretation and enforcement of laws or regulations or of a collective agreement. The Council's decisions are in equity for all other disputes.

Clause 43 of *Prakas* No. 099 SKBY on the Arbitration Council dated 21 April 2004 states:

An arbitral award which settles an interest dispute takes the place of a collective bargaining agreement and shall remain in effect for one year from the date on which it becomes final unless the parties agree to make a new collective bargaining agreement replacing the award.

Based on Article 312 and Clause 43, the Arbitration Council's decision may be based on the law, related regulations, or a collective agreement. For interests disputes, its decision can be in equity. Thus, the Arbitration Council concludes that a rights dispute is a dispute concerning entitlements in the law, an agreement [i.e. employment contract], or a collective agreement, which can be resolved using the law, whilst an interests dispute is a dispute which has no basis in the law, an agreement, or a collective agreement, which must be resolved using the principles of equity.

Issue 3: The workers demand that the employer pay the meal allowance each Saturday.

The workers demand that the employer pay the meal allowance on Saturday of each week. They make this demand because they need money to buy meals and wish to avoid taking out loans to buy their meals. The workers assert that the 2,000 riel meal allowance is provided so that they can buy meals each day that they work overtime.

Before considering this issue, the Arbitration Council will consider whether it gives rise to a rights dispute or an interests dispute.

This issue concerns the timing of the payment of the overtime meal allowance. The overtime meal allowance is mandated by Point 2 of Notification No. 041/11 dated 7 March 2011, which provides that “workers who volunteer to work overtime at the employer’s request will receive a 2,000 riel meal allowance per day or be provided with a free meal.”

The Arbitration Council considers this issue to be a rights dispute as it concerns an entitlement in the aforesaid Notification No. 041/11 dated 7 March 2011.

The Arbitration Council will consider whether the employer is obliged to pay the overtime meal allowance on Saturday of each week.

In this case, the employer has provided a 2,000 riel meal allowance for each day workers volunteer to work overtime from 4:00 to 6:00 p.m. This meal allowance is paid on payday each month due to a shortage of human resources staff which prevents the employer from paying the allowance on a weekly basis.

The Arbitration Council has analysed the purpose of the abovementioned Notification No. 041/11, and considers that an obligation is imposed on the employer to provide a free meal or a 2,000 riel meal allowance each day because [the provision of] a meal or a meal allowance is necessary for workers to retain the physical and mental ability to work overtime after the completion of normal hours.

In Arbitral Award 47/07-Chung Fai, reasons for decision, issue 5, the Arbitration Council ruled that:

a free meal during overtime work has to be provided regularly and the Arbitration Council agrees that it is reasonable to require the overtime meal allowance to be paid daily to workers (*see Arbitral Awards 79/07-Terratex, reasons for decision, issue 5 and 85/09-Nan Kuang, reasons for decision, issue 10*).

The Arbitration Council applies the above ruling in this case. The Arbitration Council considers that an overtime meal allowance must be paid to workers for each day of overtime work because it is an alternative to the employer’s obligation to provide a free meal.

Based on the purpose of Notification No. 041/11 dated 7 March 2011 and the aforementioned ruling, the Arbitration Council considers that the timing for payment of the overtime meal allowance is an important issue for workers. In this case, the employer has difficulty paying the meal allowance on a weekly basis, but workers are in need of the meal allowance to buy meals. Thus, the employer must arrange for the meal allowance to be paid to workers on a weekly basis.

In conclusion, the Arbitration Council orders the employer to pay workers the overtime meal allowance on Saturday of each week.

Issue 5: The workers demand that the employer provide a monthly US\$ 10 transportation and accommodation allowance to each worker.

The workers make this demand to reward workers who have worked hard for the employer.

Before considering this issue, the Arbitration Council considers whether it gives rise to a rights dispute or an interests dispute.

The Arbitration Council finds that the demand for a monthly US\$ 10 transportation and accommodation allowance has no basis in the law, an agreement [i.e. employment contract], or a collective agreement between the employer and the workers, making this an interests dispute.

With respect to interests disputes, the Arbitration Council considers whether the disputant union has most representative status (MRS). The Arbitration Council considers that having MRS gives a union the legal capacity to negotiate with an employer to establish a collective agreement and gives it legal standing to bring an interests dispute before the Arbitration Council for resolution.

Clause 43 of *Prakas* No. 099 dated 21 April 2004 states:

An arbitral award which settles an interest dispute takes the place of a collective bargaining agreement and shall remain in effect for one year from the date on which it becomes final unless the parties agree to make a new collective bargaining agreement replacing the award.

Based on this provision, the Arbitration Council considers that if it issues an arbitral award to settle an interests dispute, the award will become a one-year collective agreement. The collective agreement must be applicable to all workers at the enterprise, waiving the right of non-members to go on strike in the event of future interests disputes. Thus, the Arbitration Council can resolve an interests dispute as long as the claimant union possess a certificate of MRS or the dispute was brought by a collective of unions representing more

than half of the workers at an enterprise (see *Arbitral Awards 81/04-Evergreen, reasons for decision, issue 4* and *98/04-Great Union, reasons for decision, issue 3*).

In previous arbitral awards, the Arbitration Council has declined to consider interests disputes if the union bringing the dispute to the Council does not hold MRS (see *Arbitral Awards 81/04-Evergreen, reasons for decision, issue 4*; *09/05-Kin Tai Footwear, reasons for decision, issue 2*; *135/07-Wilson, reasons for decision, issue 1*; *14/08-Quicksew, reasons for decision, issue 3*; *42/09-River Rich, reasons for decision, issue 2*; *02/11-Pou Yuen, reasons for decision, issue 2*; and *66/11-In Han Sung, reasons for decision, issue 1*).

According to the facts, the Local Union of CLUF does not hold a certificate of MRS. Therefore, the Arbitration Council considers that the Local Union of CLUF does not have legal standing to represent all workers at the factory to resolve a dispute concerning their collective benefits.

In conclusion, the Arbitration Council declines to consider the workers' demand that the employer provide a monthly US\$ 10 transportation and accommodation allowance to each worker.

Issue 6: The workers demand that the employer deduct from the attendance bonus in proportion to the number of days of authorised leave taken.

Before considering this issue, the Arbitration Council will consider whether it gives rise to a rights dispute or an interests dispute.

Point 1 of Notification No. 041/11 issued by the Ministry of Labour and Vocational Training, dated 7 March 2011, states that “workers who attend work regularly in accordance with the number of working days in each month will receive a bonus of at least US\$ 7 per month.”

The Arbitration Council considers this a rights dispute as it concerns the attendance bonus stipulated in the abovementioned Notification No. 041 dated 7 March 2011.

The Arbitration Council will consider whether the workers are entitled to have the attendance bonus deducted in proportion to the number of days of authorised leave taken.

Point 1 of Notification No. 041/11 requires the employer to provide the attendance bonus to workers who attend work regularly in accordance with the number of working days in each month. However, the notification does not contain a clear statement concerning the amount that the workers should receive when they have taken authorised leave.

In this case, the Arbitration Council will consider below the key phrase “the number of working days in each month” in Notification No. 041.

In Arbitral Award 112/11-Yung Wah (Branch 1), reasons for decision, issue 3, the Arbitration Council ruled that:

the number of regular working days in each month refers to the number of days in each month that the employer requires the workers to attend work or that the law obligates the workers to serve the employer. Based on the law and the current practice of enterprises and establishments in Cambodia, the term **“working days in each month”** can mean:

- (1) Full working days of each month (where there are no statutory holidays, meaning 26 days per month or 21-22 days per month depending on the practice of each employer).
- (2) Non-full working days (where there are statutory holidays, meaning that there may be less than 26 days or 21-22 days per month depending on the number of statutory holidays and the practice of each employer).
- (3) Non-full working days (where a worker’s leave is authorised by the employer, meaning that there may be less than 26 days or 21-22 days per month depending on the practice of each employer and the number of days of authorised leave (*[quotation from] Arbitral Award 64/11-M & V (Branch 3), reasons for decision, issue 1*).

The Arbitration Council applies the above ruling in this case. The Arbitration Council will consider in what circumstances workers should receive the attendance bonus and how much they should receive.

Article 103 of the Labour Law states:

Wage includes, in particular:

...

- gratuities; ...

The Arbitration Council considers that the attendance bonus stipulated in Notification No. 041/11 is a gratuity provided by the employer to the workers. Therefore, the attendance bonus is a component of wage.

With regard to the first example above, “full working days of each month”, the Arbitration Council considers that the workers must receive the full attendance bonus.

With regard to the second example above, relating to “non-full working days of each month”, the Arbitration Council considers that the workers are legally allowed to take the leave (i.e. leave on public holidays or annual leave), and therefore must receive the full attendance bonus if they take that leave. This is in accordance with Article 161 of the Labour Law, which states that “[e]ach year, the Ministry in Charge of Labour issues a *Prakas*

determining the paid holidays for workers of all enterprises”, and Article 166, which states that “...all workers are entitled to paid annual leave to be given by the employer...”

With regard to the third example above, relating to “non-full working days of each month”, the Arbitration Council considers that authorised leave, as distinct from leave which is imposed by law (i.e. public holidays or annual leave) arises from the worker’s request and the employer’s agreement and is not stipulated in any law. For this reason, the Arbitration Council considers that the workers must receive the attendance bonus in accordance with the number of working days in a month, with the exception of days of authorised leave. That is to say, the employer must deduct from the attendance bonus in proportion to the number of days of authorised leave taken.

In conclusion, the Arbitration Council orders the employer to deduct from the attendance bonus in proportion to the number of days of authorised leave taken.

Issue 7: The workers demand that the employer provide an additional monthly US\$ 5 attendance bonus on top of the existing attendance bonus.

The employer’s practice is to provide a monthly US\$ 7 attendance bonus to each worker. In this case, the workers demand an additional US\$ 5 attendance bonus to reward workers who have worked hard for the employer.

Before considering this issue, the Arbitration Council will consider whether it gives rise to a rights dispute or an interests dispute.

Point 1 of Notification No. 041/11 dated 7 March 2011 states that “workers who attend work regularly in accordance with the number of working days in each month will receive a bonus of at least US\$ 7 per month.”

The Arbitration Council finds that the employer already provides a US\$ 7 attendance bonus to the workers in accordance with the aforesaid notification. Further, the employer and the workers do not have an agreement or a collective agreement that requires the employer to accommodate this demand. Thus, the workers’ demand is above what is required by the law, making this an interests dispute (see the reasons for decision concerning interests disputes in issue 5).

In conclusion, the Arbitration Council declines to consider the workers’ demand that the employer provide an additional monthly US\$ 5 attendance bonus on top of the existing attendance bonus.

Based on the above facts, legal principles, and evidence, the Arbitration Council makes its decision as follows:

DECISION AND ORDER

Part I. Rights disputes:

Issue 3: Order the employer to pay workers the overtime meal allowance on Saturday of each week.

Issue 6: Order the employer to deduct from the attendance bonus in proportion to the number of days of authorised leave taken.

Type of award: binding award

The award of the Arbitration Council in Part I will be final and is enforceable by the parties in accordance with the MoU, dated 28 September 2010.

Part II. Interests disputes:

Issue 5: Decline to consider the workers' demand that the employer provide a monthly US\$ 10 transportation and accommodation allowance to each worker.

Issue 7: Decline to consider the workers' demand that the employer provide an additional monthly US\$ 5 attendance bonus on top of the existing attendance bonus.

Type of award: non-binding award

The award in Part II will become binding eight days after the date of its notification unless one of the parties lodges a written opposition with the Minister of Labour through the Secretariat of the Arbitration Council within this period.

SIGNATURES OF THE MEMBERS OF THE ARBITRAL PANEL

Arbitrator chosen by the employer party:

Name: **Ing Sothy**

Signature:

Arbitrator chosen by the worker party:

Name: **Tuon Siphann**

Signature:

Chair Arbitrator (chosen by the two Arbitrators):

Name: **Pen Bunchhea**

Signature:

Annex to Arbitral Award 03/12-Camwell

Dissenting Opinion

Clause 37 of *Prakas* No. 099 SKBY, dated 21 April 2004, issued by the Ministry of Labour and Vocational Training states:

The arbitral panel shall record its decisions in an award which shall be signed by all three arbitrators. If one of the arbitrators does not agree with the decision of the majority, the dissenting arbitrator may record his dissent as an annex to the award.

Based on this clause, I, Arbitrator **Ing Sothy**, would like to record my dissent on issue 6 of the Arbitral Award **03/12-Camwell**. I would like to explain the reasons for my dissent:

I. Definition:

1. **Bonus (noun)**: something extra given separately from the amount needed to satisfy a requirement; a bonus is given and received; bonus is to be distinguished from gratuity. (Page 970, Line 12 **Chuon Nath Khmer Dictionary**).

2. **Gratuity**: a nominal payment given to a traditional physician, [or performer of religious rites]. (Page 463, Line 2 **Chuon Nath Khmer Dictionary**).

3. **primes (n) (Dt. trav.)** - *sommes versées par l'employeur au normal, soit à titre de salarié en sur du salaire remboursement de frais, soit pour encourager la productivité, tenir compte de certaines difficultés particulières du travail, ou récompenser l'ancienneté.* (**Livre, Lexique des termes juridiques 12^{eme} édition Dalloz 1999 page 413**)

II. Analysis:

The word "**Bonus**" means a thing that is given as an incentive with conditions. Therefore, you can accept a bonus only if you fulfil a specific condition [...] that has been set.

Generally, when implementing a policy to give a **bonus**, who has the right to set or withdraw any kind of condition? The answer is the bonus owner.

In the labour sector, the bonus owner is **the employer** and the one who shall fulfil the condition to receive the bonus is **the worker**.

Examples:

If you count from one to 1000, the bonus owner will give you a bonus of US\$ 100 per month. You only count to 900 and you tell the bonus owner that you are exhausted and cannot count to 1000. The bonus owner allows you to stop at 900 and rest. You then request that the bonus owner give you part of the bonus, deducting from the US\$ 100 in proportion.

Who has the right to decide whether you should receive a bonus when you have not fulfilled the condition set by the bonus owner? The answer is the bonus owner.

If you attend work eight hours per day you will receive US\$ 10.

If you attend work six hours per day you will receive US\$ 8.

If you attend work four hours per day you will receive US\$ 6.

These are the three conditions. If you fulfil one of them, you will receive a bonus according to the condition you have fulfilled. However, if you take authorised leave for one hour per day, which condition have you fulfilled? Are you entitled to ask for a deduction in proportion to the hours of leave taken? The proportion would [be determined by] dividing 10 by eight and multiplying this number by seven. This equals \$US 8.75. The answer is, the one who has the right to make the decision is the bonus owner.

III. Conclusion

In conclusion, Point 3 of Notification No. 041/11 KB/SCN, dated 7 March 2011, which abrogates Notification No. 017 SKBY dated 18 July 2000, states clearly that “workers who attend work regularly in accordance with the number of working days in each month shall receive a bonus of at least US\$ 7 per month.”

It clearly sets out the condition to fulfil in order to obtain a bonus of US\$ 7 per month. If the workers fail to fulfil the abovementioned condition by taking leave on any days, then they are not entitled to the bonus. Thus, in order to obtain the bonus, the workers must properly and adequately fulfil the aforesaid condition.

Phnom Penh, 30 January 2012

Signature

Ing Sothy