

CIRCULAR

PROVIDING GUIDANCE ON DETERMINATION OF THE UNIT LABOR COST IN THE MANAGEMENT OF THE CONSTRUCTION COST

Pursuant to the Government's Decree No. 62/2013/NĐ-CP dated June 25, 2013 on defining the functions, tasks, powers and organizational structure of the Ministry of Construction;

Pursuant to the Prime Minister's directives enshrined in the Notification No. 5724/VP-CT of the Office of the Government dated July 29, 2014 on the system of direct employee rank and profession, and the determination of the unit labor cost in the management of the construction cost under the provisions of the 2012's Labor Code and guidance documents to provide instructions for implementing legal regulations;

At the request of the Director of the Department of Construction Economics and the Director of the Institute of Construction Economics;

The Minister of Construction hereby promulgates this Circular on providing guidance on determination of the unit labor cost in the management of the construction cost.

Article 1. Scope of application

This Circular shall provide guidance on determination of the unit labor cost in the management of the construction cost.

Article 2. Applicable entities

1. Agencies, organizations or individuals related to management of the construction cost incurred from investment and construction projects financed by the state budget and non-state budget; projects financed under arrangements such as Build - Operation - Transfer (BOT), Build - Transfer - Operation (BTO), Build - Transfer (BT) and Public-Private Partnership (PPP) managed by competent authorities shall be governed under the provisions of this Circular.

2. Agencies, organizations or individuals related to management of the construction cost incurred from projects financed by other capital sources shall be encouraged to implement this Circular.

Article 3. Principle of unit labor cost determination and adjustment

1. The unit labor cost determined under the guidance of this Circular must stick to the following principles:

a) Align with the standard of workmanship that an employee in the employee ranking system must achieve in the estimated construction cost bracket.

b) Align with the cost level of construction workers in specific local markets, but remain equal to or greater than the minimum level of the regional salary stipulated by the Government.

c) Correspond with the characteristics and nature of a construction worker's work scope.

d) Meet the demand of employees for compulsory payment of several expenses (social insurance, medical insurance, unemployment insurance and others).

2. The unit labor cost determined under the guidance of this Circular shall be used to determine total investments and estimated costs incurred in construction projects, etc., and help competent authorities make their approval decision, calculate the bid price, contractor selection during investment and construction activities as stipulated by the legislation on bidding and management of the construction cost.

3. The unit labor cost under the guidance of this Circular shall be adjusted when there is any change to the labor cost level on the current market.

Article 4. Unit labor cost calculation

The unit labor cost shall be calculated as follows:

$$G_{NC} = L_{NC} \times H_{CB} \times \frac{1}{t}$$

Where:

- G_{NC} : the unit labor cost paid to an employee who directly produces their output in a working day.
- L_{NC} : the input wage used to calculate the unit labor cost paid to an employee who directly produces their output in a working day. This salary amount shall be inclusive of extra pays, mileage allowances, regional allowances, allowances for production stabilization failure and take into account market factors stated in the Appendix No. 1 enclosed herewith.
- H_{CB} : the coefficient of the wage paid to an employee who directly produces the output according to the employee ranking system as stipulated in the Appendix No.2 enclosed herewith.
- t : 26 working days per a month.

Article 5. Implementation

1. The People's Committee of centrally-affiliated cities or provinces shall be guided by this Circular to direct the implementation, determination of the unit labor cost and declare it to be the basis for creating and managing the construction cost.
2. The Ministry of Construction shall declare any adjustment to the input wage (L_{NC}) defined in the Appendix No. 1 hereof when there is any fluctuation in the level of labor cost paid to construction workers in the market compared with the unit labor cost determined under the guidance of this Circular.

Article 6. Transitional provision

1. Where the unit labor cost included in total investments and cost estimate in construction projects is approved prior to the effective date of this Circular, the investment decision-maker shall decide implementation of this Circular. Where any construction contract is concluded before the effective date of this Circular, contractual terms and conditions shall be observed.
2. Where several construction projects are allowed to adopt the amount of wage and several allowances of particular characteristics by competent authorities, such implementation shall be continued until the construction phase ends and such projects are brought into operation.

Article 7. Effect

1. This Circular shall come into force from May 15, 2015.
2. In the course of implementation, if there is any difficulty that may arise, agencies, organizations or individuals shall be advised to send their feedbacks to the Ministry of Construction for any possible solution./.

**PP. THE MINISTER
THE DEPUTY**

Bui Pham Khanh

APPENDIX 1

(Issued together with the Circular No. 01/2015/TT-BXD of the Ministry of Construction dated March 20, 2015)

The input wage used to calculate the unit labor cost paid to an employee who directly produces their output in a working day (L_{NC})

Unit: VND/month

Region I	Region II	Region III	Region IV
2,350,000	2,150,000	2,000,000	1,900,000

Note: *The region where the input wage determined under the provision of the Government's regulations on the minimum amount of regional wages shall be applied.*

APPENDIX 2

(Issued together with the Circular No. 01/2015/TT-BXD of the Ministry of Construction dated March 20, 2015)

Rank, profession and wage coefficient of direct construction employees

Schedule 1: Rank, profession and wage coefficient of construction employees

Rank and profession of construction employees	I	II	III	IV	V	VI	VII
Group I							
Wage coefficient	1.55	1.83	2.16	2.55	3.01	3.56	4.20
Group II							
Wage coefficient	1.76	2.07	2.44	2.86	3.37	3.96	4.65

Note:

1) Group I:

- Those who do woodwork, bricklaying, metal work, concrete work, completion work and earthwork (excavation and backfilling);
- Construction surveying (including measurement);
- Operation of construction machinery (earthwork machinery, rammer, lifting equipment, drilling equipment, pile driver, pump, welder, etc.)

2) Group II:

- Construction work pieces that do not belong to group I

Schedule 2: Rank, profession and wage coefficient of direct engineers

Engineer rank and profession	I	II	III	IV	V	VI	VII	VIII
Wage coefficient	2.34	2.65	2.96	3.27	3.58	3.89	4.20	4.51

Note:

As for engineers who directly do construction surveying and testing, etc. defined in the current estimated cost bracket, their rank, profession and wage coefficient shall be determined according to the schedule 2.

Schedule 3: Rank, profession and wage coefficient of artisans

Artisan rank and profession	I	II
Wage coefficient	6.25	6.73

Note:

As for artisans who directly do some construction work defined in the current estimated cost bracket, their rank, profession and wage coefficient shall be determined according to the schedule 3.

Schedule 4: Rank, profession and wage coefficient of vehicle drivers

Rank and profession	I	II	III	IV
	Wage coefficient			
Group 1	2.18	2.57	3.05	3.60
Group 2	2.51	2.94	3.44	4.05
Group 3	2.99	3.50	4.11	4.82

Note:

1. Group 1: Box truck, dump truck, trailer, water truck, crane truck with loaded weight of below 7.5T; truck crane with lifting capacity of below 7.5T; vacuum truck used to remove drilling mud; pickup truck; 7-seater van used for construction surveying work; vacuum truck with gross weight of 10 tonnes; pipeline pressure testing equipment with air compression of 170CV.

2. Group 2: Box truck, dump truck, water truck, trailer with gross weight ranging from 7.5T to below 25T; crane truck with gross weight ranging from 7.5T to below 25T; truck crane with lifting capacity ranging from 7.5T to below 25T; tractor truck with towing capacity of 200CV; concrete mixer truck with drum volume of below 14.5 m³; concrete pump truck; asphalt sprayer truck.

3. Group 3: Dump truck, trailer with gross weight of more than 25T; tractor truck with towing capacity of more than 200CV; concrete mixer truck with drum capacity of more than 14.5 m³; truck crane with lifting capacity of more than 25T.

Schedule 5. Rank, profession and wage coefficient of operators on ships, vessels and other transports

Schedule 5.1: Rank, profession and wage coefficient of captain, second-in-command officer, 1st assistant engineer, 2nd assistant engineer of a ship, canoe, floating crane, floating pile driving hammer and pile driving vessel

Title	Group 1		Group 2	
	Rank, profession			
	I	II	I	II
	Wage coefficient			
1. Captain	3.73	3.91	4.14	4.36
2. 1 st second-in-command officer, 1 st assistant engineer	3.17	3.30	3.55	3.76
3. 2 nd second-in-command officer, 2 nd assistant engineer	2.66	2.81	2.93	3.10

Note:

- Group 1: Ship, canoe with main engine capacity ranging from 5CV to 150CV.
- Group 2: Ship, canoe with main engine capacity of more than 150CV; floating crane; pile driving vessel.

Schedule 5.2. Rank, profession and wage coefficient of seafarers, technical and electrotechnical officer

Title	Rank, profession			
	I	II	III	IV
	Wage coefficient			
1. Seafarer	1.93	2.18	2.51	2.83
2. Technical, electrotechnical officer	2.05	2.35	2.66	2.99

Schedule 5.3. Rank, profession and wage coefficient of operators of river suction or backhoe dredgers

Title by dredger groups	Dredger with suction capacity of 150m ³ /h		Dredger with suction capacity ranging from 150m ³ /h to 300m ³ /h		Dredger with suction capacity of above 150m ³ /h, or with backhoe capacity of below 300m ³ /h	
	Rank, profession					
	I	II	I	II	I	II
	Wage coefficient					
1. Captain	3.91	4.16	4.37	4.68	4.88	5.19
2. Chief technical officer	3.50	3.73	4.16	4.37	4.71	5.07
3. Chief electrotechnical officer					4.16	4.36
4. 2 nd assistant engineer, 1 st backhoe technician, second-in-command officer	3.48	3.71	4.09	4.30	4.68	4.92
5. 2 nd backhoe technician	3.17	3.50	3.73	3.91	4.37	4.68

Schedule 5.4. Rank, profession and wage coefficient of operators of marine suction, backhoe or grab dredgers

Title by dredger groups	Capacity ranging from 300m ³ /h to 800m ³ /h		Capacity of above 800m ³ /h	
	Rank, profession			
	I	II	I	II
	Wage coefficient			
1. Captain of trailing suction hopper dredger	5.19	5.41	5.41	5.75
2. Chief engineer, captain of backhoe, suction or grab dredger	4.92	5.19	5.19	5.41

3. Chief electrotechnical officer of suction or backhoe dredger; 1 st technician, 2 nd second-in-command officer of trailing suction hopper dredger; 2 nd backhoe technician of backhoe, suction and grab dredger	4.37	4.68	4.68	4.92
4. 2 nd assistant engineer; 1 st backhoe technician of backhoe, suction or grab dredger	4.68	4.92	4.92	5.19
5. Second-in-command officer of backhoe dredger, 2 nd backhoe technician of suction dredger	4.16	4.37	4.37	4.68

Schedule 6: Rank, profession and wage coefficient of engineer divers

Title	Rank, profession			
	I	II	III	IV
	Wage coefficient			
1. Engineering diver	2.99	3.28	3.72	4.15
2. Class-I engineering diver	4.67	5.27		
3. Class-II engineering diver	5.75			