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### **EMPLOYEE VULNERABILITY IN ZAMBIA: A POLICY GUIDE TO CASUALISATION, MINIMUM WAGE AND THE DIGNITY OF WORK**

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**by**

**Chris Petruskis**

**JESUIT CENTRE FOR THEOLOGICAL REFLECTION  
“Promoting Faith and Justice”**

**Address: P.O. Box 37774, 10101 Lusaka, Zambia**

**Location: Luwisha House, (opposite UNZA main gate), Lusaka**

**Tel: 260-1-290410 Fax: 260-1-290759**

**E-mail: [socialjctr@jesuits.org.zm](mailto:socialjctr@jesuits.org.zm) Web: [www.jctr.org.zm](http://www.jctr.org.zm)**

# EMPLOYEE VULNERABILITY IN ZAMBIA: A POLICY GUIDE TO CASUALISATION, MINIMUM WAGE AND THE DIGNITY OF WORK

## INTRODUCTION

Widespread poverty and high unemployment in Zambia have bred a dangerous environment where workers are willing to tolerate severe abuse from employers for fear of losing what little wages they bring home at each month end. The unjust treatment of employees in Zambia is widespread in its prevalence and diverse in its appearance.

There are domestic workers across the country earning just K50,000 per-month for 12 to 18 hour workdays, 6 or 7 days a week. There are children working long hours crushing stones and others selling vegetables around town just to help pay for food at home. There are casual employees regularly injured in industrial accidents and subsequently released from employment without worker's compensation or medical benefits. There are 71 former employees of the Ndola Precious Metals Plant who have yet to receive their terminal benefits since retrenchment in 2001.

Poverty wages, long hours, delayed salaries, unpaid terminal benefits, retrenchments, child labour, worker strikes, intimidation, etc. How can we restore dignity to employment in Zambia?

This JCTR *Policy Brief* is an exploration of the *vulnerability* of the employee in Zambia today, in terms of wages, conditions of service and social security. Through the story of one "casual employee" in Lusaka, a number of labour issues are brought to the table for discussion. Through examination of the Zambian Labour Laws, an explanation of how employees are left vulnerable becomes clear. And through application of the Church's Social Teaching (CST) on work, a challenging *alternative* vision of employment in Zambia begins to emerge:

What about a free-market society in which prudent labour laws and internalised Christian values motivate actions that uplift rather than deny the *dignity* of the Zambian employee? A people-centred capitalism that promotes the *common good* of the people rather than a self-centred capitalism that destroys peace, social security and environment, through creation of great disparity between rich and poor? A country in which all employers and employees work enthusiastically in cooperation to create a better Zambia for today and tomorrow?

## EMPLOYEE VULNERABILITY IN ZAMBIA (CASE STUDY)

Mr. Chilufya (not his real name) is a cashier at a multinational company in Lusaka, and he has been working in the same position since 2004. He initially signed a six-month contract of employment, which he renewed for another six months in early 2005. For the past year and a few months he has not signed a new contract though he has continued to work in the same position. At the time Mr. Chilufya signed his contract he observed that the blank contract had been pre-signed by the labour officer, though attestation (verification) of a contract by the Ministry of Labour and Social Security is supposed to be done in the presence of the employee and the employer.

From September 2006 his basic pay has been K2,580 per hour, which is a 12% increase from his previous wage of K2,300 per hour (he and the other cashiers do not go for collective bargaining but only receive the same average percentage as negotiated for by the union). The normal schedule for all of the cashiers is three 8-hour shifts per week, with an option to also work 5 hours overtime on Sunday. Mr. Chilufya is paid just his hourly wage at the end of every week, receiving no allowances for travel, lunch or housing or any other benefit. A normal payslip might show a basic pay of K64,500 for 25 hours worked during the week, K25,800 for 5 hours double-time on Sunday and total earnings of K90,300. In the deductions column a 5% contribution towards NAPSA would be shown (K4,515) and also an income tax of K9,955 (calculated in line with the ZRA "Tax Table for Daily Paid Casual Workers"). After deductions the Net Pay for such a 30-hour workweek would total K76,000, which comes to approximately K300,000 in a month.

Mr. Chilufya has a wife and three children whom he stays with in one of the high-density compounds in Lusaka. The rentals in their small home come to K150,000 per month, and resources are very tight for meeting all of the basic needs. Mrs. Chilufya sells some tomatoes from home and earns only enough to help out with the daily *ndiyo* and groceries. Mr. Chilufya walks to work each day because there is no extra bus money, and also, he is not able to afford lunch at work. On his days off he sometimes looks for piece-work but often fails to find extra jobs to increase total income. Mr. Chilufya belongs to a "chilimba" savings group with a few other cashiers at work; he contributes K50,000 per week to the savings scheme and collects K200,000 after 4 weeks when his turn comes up. This chilimba business helps him to save money for monthly rentals and other large purchases for the household. The family manages to send all three children to a government basic school offering free primary school. However, Mr. Chilufya expresses concern that it is difficult to raise resources to buy school uniforms for the children and to secure school places for the children at a small fee as requested by the headmaster. It is also difficult for the family to afford medical attention and buy medicine when a family member falls ill.

Mr. Chilufya raises a few major concerns over the conditions of employment at the company. One complaint is that the employees work an extra 2 or 3 hours at the conclusion of every shift in order to cash out, clean, re-stock, etc. Unfortunately these hours are rarely documented and compensated, only when the upper management visits the premises to do inspections. He also expresses a strong desire to see the cashiers hired on a permanent basis instead of on short contracts, in order to receive job security, allowances, terminal benefits, paid sick leave and other benefits. On a given day the business is run by 40 to 45 contract workers and only about 5 permanent, unionised employees. Since the recent wage increment in September 2006 the lowest paid unionised employee now takes home approximately K460,000 per month (after taxes), which includes basic pay of K305,000, lunch allowance of K40,000, housing allowance of K120,000, transport allowance of K60,000 and medical allowance of K35,000. The highest paid unionised employee takes home approximately K830,000 per month (after taxes), which includes basic pay of K730,000, lunch allowance of K55,000, housing allowance of K185,000, transport allowance of K115,000 and medical allowance of K70,000.

According to Mr. Chilufya the cashiers and other “casual employees” are very prone to intimidation by management and therefore are not free to raise objection when treated unfairly. For example the cashiers are often forced to work during much of their lunch break because the company is often busy at this time. Furthermore, managers were recently instructed not to give out payslips to employees when paying their wages and were also encouraged to reduce or not record the working hours of casual employees to ensure no overtime is paid out. Another bothersome company policy mandates that if a shortage is found at any register the cashier must replace the money before reporting for work again or face immediate dismissal. Despite all of these vulnerabilities, Mr. Chilufya said that he and other colleagues on short-term contracts have not responded to an invitation to join the trade union. Frankly speaking he feels that the union is not strong enough to protect the non-permanent employees at the company and that it would fail to give them a voice.

### **MEASURING THE DEPTH OF EMPLOYEE VULNERABILITY**

Employees face varying degrees of vulnerability depending upon the duration, content and negotiation-process of a given contract, but one of the most vulnerable types of employees in Zambia today is the “casual employee.” The story of Mr. Chilufya the cashier illustrates how the “casualisation of labour” leaves an employee insecure in terms of job security, wages, fringe benefits, terminal benefits, retirement, the freedom to negotiate, etc. One could also argue that the informal sector employee and the self-employed are even more vulnerable than any formal sector employee, even the casual employee, especially in terms of job security and access to retirement benefits.

But thinking of employee vulnerability simply in terms of social security, the reality is that very few Zambian employees currently work with the confidence that the basic needs of the family will be met upon retirement, after the termination of the present contract, even until the current month-end! A thorough assessment of the Zambian Labour Laws exposes some of the reasons why employees struggle to consistently and adequately provide for their families.

## ➤ **CASUALISATION OF LABOUR**

The primary law guiding conditions of employment in Zambia is the Employment Act (CAP. 268), which outlines the various types of legal contracts and the obligations of both employees and employers under these contracts. The Employment Act outlines three main categories of employees, and in this *Policy Brief*, for purposes of clarity, these three categories of employees are given the names the “temporary employee,” the “permanent employee” and the “casual employee.” A “temporary employee” is a worker on a contract with duration less than six months (legally called an “oral contract”), a “permanent employee” is a worker on a contract with duration longer than six months (legally called a “written contract”), and a “casual employee” is a worker who is engaged for a period less than six months and who is paid at the end of each day. The wages, allowances, terminal benefits, etc., legally guaranteed to each type of employee are very different, with the permanent employee guaranteed the best conditions of service and the casual employee the worst.

Prior to the rapid privatisation that began in the early 1990s, the prevailing policy of the government (the major employer) was to hire an employee first for a six-month probationary period (as a temporary employee) and then on a permanent basis (as a permanent employee) until an employee retired either upon reaching 25 years of service or an age of 55. Nowadays, each individual employer has its own policy on hiring labour, and an employee might be hired on a part-time or a full-time basis, on a 1-year, 5-year or open-ended contract, on a contract stipulating a salary or an hourly wage, on a formal or informal basis, etc. In other words, at the very heart of the Zambian Labour Laws is an out-of-date Employment Act that recognizes most of the present employees as either working for the government or for a parastatal company. Therefore, the Employment Act fails to offer clear legal guidance to employment in all of its modern forms, and this ambiguity about employer obligations remains one of the principal causes of worker vulnerability in Zambia.

Returning to the life of Mr. Chilufya the cashier, we see how an employer is able to interpret the outdated Employment Act in a favourable manner to minimise investment in labour. Mr. Chilufya is a part-time employee who has signed only two contracts of six month duration but who has worked in the same position for over two years. One might suspect that Mr. Chilufya is a permanent employee because he has worked for a period greater than six months, but at

the same time the short-term contracts suggest otherwise. It also appears that Mr. Chilufya is not a temporary employee because he has completed his six-month probationary period with the company and yet his most recent contract contains identical benefits to the first in terms of duration, pay, benefits, etc.

Can Mr. Chilufya be considered a casual employee? In conflict with the Employment Act, he has been engaged in the same position for a period greater than six months. But recognising that the only contracts he has ever signed were of 6-month duration, it is possible that he is a casual employee. Again in disagreement with the definition of casual employee, he is paid on a weekly rather than a daily basis. Taking into account all of these factors, it is very difficult to determine whether or not Mr. Chilufya is a legal casual employee. But by examining his conditions of service, it becomes clear that his employer is treating him like a casual employee. Though the legal casual employee fills a very important gap in society (often doing short-term jobs, i.e., piecework), it is the abuse of this type of employee that has become referred to negatively as the “casualisation of labour.”

Casualisation can be understood as the re-hiring of one casual employee or multiple casual employees on contracts less than six months to fill a position that is permanent in nature. Mr. Chilufya has been employed by the multi-national company on multiple 6-month contracts to fill the permanent position of cashier. The work demands a more permanent type of employee, but Mr. Chilufya's employer has opted to hire many part-time, casual employees to minimise the amount of remuneration paid to the labour force. This practice exploits a loophole in the labour laws, for the Employment Act fails to explicitly make it illegal to hire casual employees to fill permanent positions. Because of this ambiguity, it is unclear whether or not Mr. Chilufya's employer is breaking any law (besides failing to present him a new 6-month contract to sign). But as illuminated throughout the additional pages of this JCTR *Policy Brief*, this multinational company is undoubtedly serving a great injustice to Mr. Chilufya and approximately 1,000 other Zambian employees.

## ➤ **MINIMUM WAGE**

At the end of each week Mr. Chilufya is paid a wage of K2,580 per hour of work and nothing else. As casual employees, he and the other cashiers are not remunerated with the other benefits extended to permanent employees, most notably allowances for lunch, transport and housing and terminal benefits. In order to understand the varying employer obligations to the three categories of employees (casual, temporary and permanent), the most revealing legal document is the Minimum Wages and Conditions of Employment Act (CAP. 276). This Act of Parliament is periodically updated through the passing of Statutory Instruments (SIs) that outline revised wages and allowances for qualifying employees.

The minimum wage in Zambia was most recently amended through the passing of SI 56 of 2006 for the Shop Worker and SI 57 of 2006 for the General Worker. The two Statutory Instruments provide separate guidelines for remuneration of Shop Workers (i.e., Office Orderly, Lift Operator, Sales Assistant, Bicycle Assembler, Cashier, Book-keeper, etc.) and General Workers (i.e., Cleaner, Watchman, Driver, Receptionist, Qualified Clerk, Worker Not Elsewhere Specified, etc.). Compared to the previous minimum wage (as established through SI 2 and SI 3 of 2002), SI 56 and SI 57 outline many new guidelines related to *qualifying employees, basic pay, allowances and other benefits, and provision of terminal benefits*. What does the Minimum Wages and Conditions of Employment Act offer for Mr. Chilufya and other casual employees?

### **A) Qualifying Employees**

Examining which employees have been included under SIs 56 and 57 of 2006 a number of interesting observations can be made in regards to *qualifying employees*. For example, the Minimum Wages and Conditions of Employment Act still unexplainably and unfortunately excludes government and council employees, domestic workers, employees who undergo collective bargaining (most unionised employees), apprentices, etc. from guaranteed minimum employment standards. Also, SI 56 for the Shop Worker questionably excludes some specific industries from having to pay minimum wages to their workers, including the motor-trade and petroleum industries, in addition to those who sell or print newspapers, those who sell produce on behalf of farmers, those who “receive, store or treat” fresh milk products, fish, meat, poultry, game, fruit or other perishable foodstuffs, etc. Is a farm employee who milks cows considered someone excluded from getting a minimum wage because he receives fresh milk products? Not to dwell too much on questions surrounding which employees deserve a minimum wage and which do not (as implied through unexplainable exclusions), it is important to note the *three* most striking changes to *qualifying employees* introduced through the Statutory Instruments of 2006.

First, a person employed in management no longer qualifies under the provisions of the Minimum Wages and Conditions of Employment Act. According to the definition contained in the Industrial and Labour Relations Act (CAP. 269), a “member of management” refers to the “final” or “highest” decision making authority in relation to financial operations, hiring and firing of employees, bargaining with trade unions, etc. or anyone else with “written institutional authority to exercise management.” In other words, lower-level managers and supervisors still qualify for the provisions of the minimum wage found in SIs 56 and 57. It may seem unnecessary to exclude the highest managers from minimum wage legislation, which intends primarily to ensure vulnerable workers are not exploited. But this new exclusion has crucial importance in relation to the payment of terminal benefits to management (a topic to be discussed later).

Second, an employee with a specific labour contract attested by a labour officer no longer qualifies under the Minimum Wages and Conditions of Employment Act. Attestation of contracts is a process whereby the employer and employee agree upon various key components of the contract in the presence of a labour officer. As explained in the Employment Act, the purpose of attestation is to ensure that a contract is “entered into by the employee voluntarily and with the full understanding of its meaning.” Key provisions of a contract that must be verified by a labour officer include duration of contract, wages to be paid, allowances, working hours, etc. It has also been proposed that employers and employees also agree upon terminal benefits during attestation. According to the Employment Act, a labour officer must attest all written contracts of service (for the permanent employee), though the limited capacity of the Ministry of Labour and Social Security (MLSS) may be constraining universal attestation. The exclusion of employees with attested contracts from SIs 56 and 57 creates an exploitable situation where labour officers could possibly be corrupted in order to attest wages and allowances below those guaranteed through the minimum wage. Recalling the case study, Mr. Chilufya was asked to sign a blank contract that had the labour officer's signature of attestation already upon it. Because of the new provision in SIs 56 and 57, Mr. Chilufya forfeited his legal right to a minimum wage by appending his signature to an illegally attested contract.

Third, for the first time it now appears that a casual employee is protected under certain provisions of the Minimum Wages and Conditions of Employment Act. In the past, casual employees were excluded from the definition of 'employee' contained in the SIs and therefore legally guaranteed nothing more than their hourly wage. This wage legally could have been as low as 1 Ngwee per day! However, under the new Statutory Instruments it now appears that a casual employee is at least guaranteed an hourly wage equivalent to the minimum monthly wages spelled out in the wage tables. In SI 56 for the Shop Worker, it is explicitly written that a “casual employee” qualifies for some minimum monthly wage; however, under SI 57 for the General Worker this provision is only implicitly implied. It is fairly certain that a casual employee now legally qualifies under the Minimum Wages and Conditions of Employment Act, but it is less clear what provisions the same casual employee actually qualifies for.

## **B) Basic Pay, Allowances and Other Benefits**

After outlining the qualifying employees, Statutory Instruments 56 and 57 set the minimum monthly wages for various Categories and Grades of employees in Zambia, followed by detailed explanation of other conditions of employment including allowances and benefits. Though a single figure is often quoted in the media as the “minimum wage for Zambia” (e.g. K268,000 per month), there is actually a hierarchy of minimum wages in Zambia, covering a dozen separate categories of workers separated by occupation. Very few employers, employees or trade unionists know exactly what and how much each type of worker is

guaranteed under the law; therefore, the complexity of the minimum wage law may actually be encouraging widespread payment of illegal wages and benefits. The following table summarises the provision of minimum monthly wages for various grades and categories of employees protected under SI 56 for the Shop Worker and SI 57 for the General Worker:

<b>SI 56</b>	<b>Minimum Monthly and Hourly Wages - Shop Worker</b>	<b>Monthly Pay</b>	<b>Hourly Pay</b>
Grade I	Package Wrapper, Delivery Vehicle Assistant, General Worker, Handyman, Office Orderly, Watchman	K268,800	K1,378 / hr
Grade II	Lift Operator, Motorcycle / Scooter Driver, Sales Assistant, Packer	K360,000	K1,846 / hr
Grade III	Assistant Bicycle Assembler, Assistant Dispatch Clerk, Driver (Requiring Ordinary Driving License), Shelf Packer, Shoe Repairer, Assistant Window Dresser	K450,000	K2,308 / hr
Grade IV	Bicycle Assembler, Check-Out Operator, Driver (Requiring Heavy Duty or Public Service License), Telephone Operator, Typist, Picture Framer	K500,000	K2,564 / hr
Grade V	Dispatch Clerk, Ledger Clerk, Costing Clerk, Orderman, Sales Person, Tailor, Upholster	K715,000	K3,667 / hr
Grade VI	Audio Visual Equipment Repairer, Machine Operator, Watch Repairer	K660,000	K3,385 / hr
Grade VII	Credit Controller, Supervisor, Window Dresser, Shorthand Typist, Cashier	K800,000	K4,103 / hr
Grade VIII	Qualified Book-Keeper	K840,000	K4,308 / hr
<b>SI 57</b>	<b>Minimum Monthly and Hourly Wages - General Worker</b>	<b>Monthly Pay</b>	<b>Hourly Pay</b>
Category I	General Worker, Cleaner, Handyman, Office Orderly, Watchman, Guard	K268,800	K1,400 / hr
Category II	Driver	K450,000	K2,344 / hr
Category III	Typist, Receptionist, Telephonist	K500,000	K2,604 / hr
Category IV	Qualified Clerk	K715,000	K3,724 / hr

Even presented as simply as possible in table form, the contents of SIs 56 and 57 remain very confusing and beg a number of questions: Why and how were employees separated into 12 different categories of workers, each guaranteed a different minimum wage? Do the skills and training of a picture framer warrant a monthly minimum wage that is over K230,000 more than that of a handyman?

Yes, an employer should be given the freedom to pay according to the skill and training of each employee, but should a minimum wage law also attempt to define the minimum amount of money each employee is worth?

However, the allowances and benefits for all 12 categories of workers are basically the same, including most notably: transport allowance of K80,000 per month (if residence is beyond 3 km radius), lunch allowance of K70,000 per month (or free, nutritious lunch) and housing allowance of 30% basic pay (or free, adequate housing). The obligation for employers to provide either free housing or a housing allowance is a new component not contained in prior Statutory Instruments. Benefits exclusively limited to permanent employees include: paid leave of absence of 2 days per month and holiday allowance of 1 month's basic pay when proceeding on leave, sick leave at full pay for 3 months and half pay for 3 months, 120 days maternity leave (after 2 years employment), and upset allowance of 1 month's full salary plus transport upon permanent transfer. Other benefits and allowances not explicitly limited to permanent employees include: 1½ times hourly pay for overtime (beyond 48 hours per week for General Workers and 45 hours per week for Shop Workers), 2 times hourly pay on Sundays and Holidays, sick leave of 26 days for employees in first six months of employment, funeral benefits of coffin, K200,000, 50 kgs mealie meal and transport to and from the cemetery (upon death of employee, spouse or registered child), tool allowance of K20,000 per month (for workers using own tools), machine allowance of K50,000 per month (for tailors using own machine) and protective clothing for dangerous work.

Taking into account allowances on top of the minimum wages greatly increases the total remuneration legally guaranteed to various categories of workers. Take for example Category I under SI 57 for the General Worker:

### **Category I - General Worker, Cleaner, Handyman, Office Orderly, Watchman or Guard**

Basic Pay - K1,400 per hour or K268,800 per month (watchman or guard guaranteed K291,200 per month irrespective of hours worked)

Transport Allowance – K80,000 per month (if residence is beyond 3 km radius of duty station)

Lunch Allowance - K70,000 per month or free nutritious lunch

Housing Allowance - K80,640 per month (30% basic pay if housing is not provided)

**Minimum Monthly Pay and Allowances – K499,440 (528,560 for watchman or guard)**

In reality, the lowest category of worker in Zambia should be paid at minimum a monthly package equivalent to nearly K500,000. In other words, K500,000 is the minimum acceptable wage in Zambia and should be the figure that is quoted publicly and popularised nationwide. The minimum wage has been greatly

improved through the passing of SIs 56 and 57 of 2006 (the previous minimum monthly pay for Category I was K83,200 plus allowances of K20,000 for lunch, K30,000 for transport and K0 for housing). However, the minimum wage is still not sufficient to cover the monthly cost of basic needs in the country. According to the JCTR *Basic Needs Basket* for September 2006, a family of six living in Lusaka needs K1,450,250 per month to afford essential food and non-food items, with a nutritious diet alone costing K488,850 per month. The Central Statistical Office (CSO) uses its own Basic Needs Basket to estimate poverty levels in the country, with any household earning less than the cost of basic food items (averaging K667,906 countrywide in September 2006) considered “extremely poor” and earning less than the total cost of the basket (averaging K1,081,332 countrywide in September 2006) “poor.” Employees look forward to the day that the minimum wage is no longer a poverty wage or even an extreme poverty wage!

Returning again to the situation of Mr. Chilufya, the question still remains whether or not casual employees qualify for any of the allowances and additional benefits contained within the Minimum Wages and Conditions of Employment Act, in addition to equivalent hourly pay for a given category. Of course, the benefits exclusive to permanent employees (i.e., paid leave, maternity leave, etc.) could not be extended to casual employees. But SIs 56 and 57 are silent on whether casual employees are legally guaranteed other allowances, especially for lunch, transport or housing. Just as a casual employee is guaranteed an equivalent hourly pay for the appropriate worker category, he or she could also be given an equivalent hourly pay for lunch, transport and housing allowances. And furthermore, a casual employee could also qualify for a fraction of the funeral benefits and paid sick leave days, calculated by the number of hours that are worked in a month. Mr. Chilufya is technically a “Check-Out Operator,” who potentially ought to earn the following:

**Grade IV – Bicycle Assembler, Check-Out Operator, Driver (Requiring Heavy Duty or Public Service License), Telephone Operator, Typist, Picture Framer**

Basic Pay – K500,000 per month (K2,564 per hour for casual and part-time employees)

Transport Allowance – K80,000 per month (K410 per hour for casual and part-time employees)

Lunch Allowance – K70,000 per month (K359 per hour for casual and part-time employees)

Housing Allowance – K150,000 per month (K769 per hour for casual and part-time employees)

Minimum Monthly Pay & Allowances – K800,000 (K4,102/hr for casual & part-time employees)

Under this interpretation of the minimum wage, Mr. Chilufya's payslip for 25 hours of work and 5 hours of overtime would rise quite substantially. If his hourly pay is raised to K4,100 from K2,580, this weekly payslip would now include K102,500 for 25 hours of work, K41,000 for 5 hours double time and total earnings of K143,500. Deductions would include K7,175 as 5% NAPSA contribution, K30,426 in line with the ZRA "Tax Table for Daily Paid Casual Workers," and a total deduction of K37,600. Therefore, his new take-home pay would increase from K76,000 to K106,000 per week, or from approximately K300,000 per month to K425,000 per month, which is a significant improvement. This analysis also reveals how the ZRA tax regulations for casual employees are very stringent, only allowing a daily tax exemption of K10,520, with all other earnings each day taxed at a flat 30%.

Interpretation of SIs 56 and 57 in relation to the casual employee is left open to the courts of law, for they currently remain silent on whether or not most of the provisions are legally guaranteed to casual employees. In summary, this examination of the Minimum Wages and Conditions of Employment Act reveals how the labour laws fail to protect most Zambian employees, through exclusion of many employee categories, through minimum wages set below the cost of basic needs and through their silent nature concerning casual employees. *Through casualisation and poverty wages, employers ultimately pass the burden of providing social security to workers onto families, the government, the church, charitable agencies and society at large.*

### **C) Terminal Benefits (Gratuity, Redundancy, Retirement, NAPSA)**

Currently there is great confusion and disagreement within the labour market concerning the obligations an employer must meet upon the termination of employment for a worker. What provisions for terminal benefits should be included in each and every contract? The majority of disputes heard by labour officers today relate to non-payment of terminal benefits by an employer. At the same time, the government itself as a key employer in Zambia has been one of the greatest culprits in terms of non-payment of retirement benefits. Who is legally guaranteed a terminal benefit?

To answer this question, we turn again to the Minimum Wages and Conditions of Employment Act (CAP. 276). In addition to establishing a minimum wage for various types of employees, it contains a provision that a person who retires after 10 years of service must be paid at minimum 3 months basic pay (at the time of retirement) per year of employment, or a pension from a private pension scheme. Realising that public pension schemes (i.e., the Zambia National Provident Fund (ZPNPF)) have failed in the past to adequately provide for the social security of most retirees, it is arguable that this legal obligation for

employers to pay either retirement benefits or a private pension remains as the best guarantee today of employee social security in retirement.

As previously mentioned, employees in management have now been excluded from qualifying under SIs 56 and 57. Historically, the Minimum Wages and Conditions of Employment Act was never meant to apply to “non-vulnerable” employees such as managing directors and senior management. But over time management began claiming legal entitlement to the retirement benefit of 3 months basic pay per year of service, even managing directors earning huge monthly sums of money (e.g., K50 million per month). Some employers were forced to pay extremely large terminal benefits to the top wage-earners, while at the same time struggling to maintain adequate salaries for the average employees. This situation has necessitated the explicit exclusion of management under the new minimum wage law.

Over time it has become common understanding in the country that at the end of a period of employment, each and every employee is legally guaranteed some sort of terminal benefit. Examination of the labour laws reveals that this is only a misconception in most cases. According to current provisions in the labour laws, an employer is only obligated to pay a terminal benefit if an employee is 1) *made redundant* or 2) *qualifies for retirement*. These two provisions set better guidelines for a government or parastatal employee hired on a permanent contract, as opposed to a private sector employee hired on a contract of fixed duration.

One, to qualify for redundancy requires being terminated from employment before the end of a contract. The Minimum Wages and Conditions of Employment Act sets the minimum redundancy benefit at 2 months basic pay per year of service. But in the prevailing situation where private employers often hire employees on contracts of 6 months to 5 years, an employee is not considered redundant if he or she is simply not rehired with an employer at the end of a contract.

In other words, the current industry practice of offering “gratuity,” or a terminal benefit to coincide with the end of a contract, is not legally required of employers. For highly skilled workers filling “specialised positions” in a competitive business environment, it is almost a foregone conclusion that contracts will provide for tempting gratuities. But for the average worker filling a “non-specialised position,” such as Mr. Chilufya the cashier, it is likely that the contract offered by an employer will contain no provision for gratuity. If Mr. Chilufya is let go by his employer, he will find himself out of a job without a single Kwacha for sustenance until he finds a new job.

Two, to qualify for retirement requires working for one employer for a period greater than 10 years and reaching the age of 55. Again, with the high turnover of employees and with the emergence of short-term contracts of 6 months to 5

years, it is unlikely that many employees will ever qualify for the full retirement benefit of 3 months pay per year of service. In conclusion, the current laws actually *encourage* an employer to resort to casualisation or to hire workers on short-term contracts, in order to reduce the likelihood of paying redundancy and to completely avoid paying any retirement benefits. Also, retirement benefits are contained within the Minimum Wages and Conditions of Employment Act, which means that those previously mentioned excluded categories (i.e., unionised employees, government employees, domestic workers, etc.) legally do not qualify for retirement benefits.

What about the introduction of the National Pension Scheme Authority (NAPSA) in the year 2000? According to the NAPSA Act of 1996, all tax-paying employers are required to withhold 5% from each employee's payslip and contribute an additional 5% to NAPSA. Upon reaching retirement at the age 55, a NAPSA contributor receives a monthly pension that is calculated from the total amount of contributions made during the working life.

In the case of Mr. Chilufya, his employer only began making NAPSA contributions for cashiers in the middle of 2005. Though the legal requirement has been that employers make NAPSA contributions for all employees, it was unclear in the past whether or not the NAPSA Act applied to casual employees. Employees like Mr. Chilufya may be pleased that money is currently being put away for their eventual retirement, but at the same time mandatory NAPSA deductions may be felt as an undue burden, especially to workers forced to sacrifice a few thousand more Kwacha of their meagre wages. NAPSA has yet to prove itself as a viable pension scheme for the future, but at least it appears superior to the former ZNPF in design, in that all contributions are now invested to accrue interest over time and maintain their value in spite of inflation.

## ➤ **FREEDOM OF NEGOTIATION**

The Industrial and Labour Relations Act (CAP. 269) guarantees the rights of employees and employers to form associations and the rights of employees to undertake collective bargaining to negotiate conditions of service. According to the Act, each and every employee (including the casual employee) is free to join a trade union to undertake collective bargaining on his or her behalf. Looking at the situation of Mr. Chilufya and his fellow casual employees, it seems very unlikely that they could organise into a union.

Though Mr. Chilufya and the other cashiers have been invited to join the local union branch, the short term nature of their contracts offers them no job security and makes them extremely vulnerable to intimidation by management. The union only undergoes collective bargaining on behalf of permanent employees at the company; therefore, joining the union offers no sure benefits. Filling a non-technical position in a country with high unemployment, Mr. Chilufya realises he is easily replaceable and feels reluctant to voice his concerns, whether from within or outside of a trade union.

Union leadership also admits its weakness when it comes to annual collective bargaining. The union was dissatisfied with the outcome of the most recent negotiations, which resulted in a wage increment of K135,000 across the board (an average increment of 12%). Even with the increment the majority of unionised employees still receive pay and allowances below the minimums contained in the minimum wage law. During the 2005 negotiations a deadlock was reached between management and the union, workers went on an illegal strike and an arbitrator was eventually brought in to settle the dispute. In the end the union again only achieved a fraction of what it was seeking.

The fact that many unionised employees remain employed under poor conditions of service raises a few key questions: What if a large employer is able to bully a weak union into accepting poor conditions of service? Should unionised workers be excluded from the Minimum Wages and Conditions of Employment Act, a law that establishes the minimum acceptable standards for employment in the country? How can we ensure that all employees have the freedom to unionise, especially those within small organisations or the informal sector?

## ➤ INFORMAL EMPLOYMENT

In 2002-2003 the Central Statistical Office (CSO) estimated the total number of employees in Zambia at 700,000, but it is difficult to separate these employees into those who have an informal sector employer and those who are employed within the formal sector. But for comparison purposes, the number of employees who made NAPSA contributions in 2004 totalled between 300,000 and 350,000 people. This difference suggests that a majority of Zambian employees are finding work within the informal sector, which is the undocumented, non-taxpaying portion of the economy. Though the informal sector falls outside the direct scrutiny of government regulation, the Zambian Labour Laws do establish a standard to guide how any employee (formal or informal) ought to be treated. From a simple reflection on the struggles of common informal employees (i.e., maids, *Kantemba* employees, etc.), it is clear that the conditions of service of many informal employees are quite poor. What do the labour laws have to say about the informal sector?

Though most informal employees do not sign written contracts of service, these workers are still legally protected by many of the guidelines found in the labour laws concerning wages, benefits, the right to organise, etc. As previously mentioned, it is legal for a temporary employee (one employed less than six months) to work under an “oral contract” where the conditions of employment are agreed upon orally but never written down in a formal contract. Therefore, unless an informal employee is a domestic worker or part of another excluded group, he or she still qualifies for the same legal provisions under the Employment Act and the Minimum Wages and Conditions of Employment Act as any formal sector employee. These include 30 days notice before termination of service, redundancy pay if contract is terminated early, a minimum wage, transport, housing and lunch allowances, etc. However, very few informal employees have the freedom in terms of job security, or even household savings, to demand for these same legal guarantees.

The particular exclusion of domestic workers from the Minimum Wages and Conditions of Employment Act deserves further attention; because of this many maids, gardeners, cooks, etc. undergo legal abuse from their employers when they are paid poor wages, forced to work long hours, etc. It is unclear why domestic workers as informal employees are singled out from provision of a minimum wage and other minimum benefits. A possible explanation could be that many domestic workers receive non-wage benefits (i.e., housing, food, etc.) that make it difficult to quantify a standard minimum wage. Regardless of the rationale, exclusion of domestic workers from the law on minimum wages has invited employers to take advantage of these typically vulnerable employees.

Because of the hidden nature of the informal sector, most informal employees are extremely vulnerable in terms of job security, conditions of service, even the ability to pay into a retirement scheme. Only those employees who work for a tax-paying employer can make contributions to NAPSA. In summary, as long as informal businesses operate outside the scrutiny of the law, uplifting the informal employee in Zambia depends more upon *the goodwill of informal employers* than the enactment of good labour laws.

## THE CHURCH'S SOCIAL TEACHING

Whereas everyone expects that the Laws of Zambia should establish guidelines on employment, some might be surprised that the Christian faith also speaks to issues of employment. The JCTR, guided by the Church's Social Teaching in analysis and actions, notes that at the heart of the Christian tradition lies the challenging example set by Jesus: one of love, special attention to the downtrodden and simplicity of lifestyle. In addition to the teaching directly from the Bible, the CST includes writings of church leaders, such as pastors, bishops, etc., on how Christians should live as positive members of society.

One of the first notable CST documents comes from Pope Leo XIII, *On the Condition of Labour* (1891), which amidst the industrial revolution called for respect of the dignity and rights of the worker. And exactly ninety years later, the encyclical *On Human Work* (1981) by Pope John Paul II re-emphasised the dignity of the worker, particularly by stressing how labour must be given priority over capital.

The Second Vatican Council also gave a strong challenge to society concerning the conditions of service for workers: "Remuneration for work should guarantee people the opportunity to provide dignified livelihood for themselves and for their families, on the material, social, cultural and spiritual level, taking into account the role and the productivity of each worker, the state of the business, and the common good" (*Church in the Modern World*, 1965, #67).

In 1999, the leaders of the Catholic Church in Southern Africa gave a statement highlighting the deep respect of the Christian tradition for the work of women and men: "Through work, we cooperate with the creator in bringing to fulfilment

the created world; we exercise our God-given abilities and talents as co-workers with God in the great task of transforming the material world. Work is not simply an onerous necessity...it is the manifestation of our creativity" (*Economic Justice in South Africa*, p. 21).

In a pastoral letter at the start of the Third Republic, the Catholic Bishops of Zambia stated very strongly: "The creation of adequate employment is a great challenge, as more and more of our people, especially the young, are becoming frustrated and hopeless in failing to find jobs. As new investments are sought in this country, these should be the kind which generate jobs. Fair wages call for constant adjustments, especially under the pressure of inflation. In particular, domestic workers need greater legal protection and a decent minimum wage" (*The Future Is Ours*, 1992, #32).

The understanding of the dignity of work within the CST has evolved alongside changes in society and economy over the past century, and the following are some of the key values that have emerged for the guidance of labour:

#### ➤ **GUIDING VALUES**

- ❖ **Human Dignity:** Created in the image of God, all humans are possessors of innate dignity that should be equally respected and uplifted.  
A worker is never just a cog in the wheel, but someone created in God's image.
- ❖ **Sanctity of Work:** As dignified beings created with unique talents, a human fulfils his or her earthly vocation by using these talents to transform the world in a positive way, or in other words, to work as a co-creator with God.  
Realising the sanctity of work, employees should work with enthusiasm, creativity and love.
- ❖ **Promotion of Common Good:** While working to have a positive impact on the world, humans should recognise the equality of all humans created in the image of God and be sure that actions do not promote the good of the few over the majority.  
While paying in relation to worker skill and productivity, employers should also avoid extreme disparity in the remuneration of employees.
- ❖ **Option for the Poor:** Recognising the vulnerability and voicelessness of the poor, special attention ought to be paid to how actions, structures, attitudes, etc., inhibit the poor from using their talents to transform the world positively.  
Employers and labour laws should make special provision for the uplifting of all vulnerable employees, including the formally and informally employed, the self- and un-employed.

## POLICY RECOMMENDATIONS

### The Government of the Republic of Zambia ought to:

- 1) Harmonise within all labour laws, including those on income tax and NAPSA, definitions of “employee” and “casual employee” and clarify which legal provisions are guaranteed to distinct categories of employees, including casual employees, temporary employees, permanent salaried employees, permanent employees paid hourly wages, part-time employees, employees on fixed contracts, employees paid for work done and not for time of work (i.e., pieceworkers, consultants, etc.), government employees, unionised employees and informal sector employees.
- 2) Educate employers, employees, employer groups, employee groups and the public at large on the obligations of employers and rights / duties of each employee category in regard to wages and conditions of employment.
- 3) End the “casualisation of labour” in Zambia, by closing the loophole in the Employment Act (CAP. 268) that allows the re-hiring of a casual employee or multiple casual employees on short-term contracts to fill a position that is continuous in nature (permanent).
- 4) Revise the Minimum Wages and Conditions of Employment Act (CAP. 276) in such a manner that it explicitly outlines the minimum acceptable standards for the treatment of *any employee* in Zambia, including employees in presently excluded groups (i.e., casual employees (still excluded from explicit guarantee of equivalent hourly pay, allowances and benefits), domestic workers, government and council employees, unionised workers, employees with attested contracts, apprentices, workers in specifically-excluded industries, etc.).
- 5) Modify the Minimum Wages and Conditions of Employment Act (CAP. 276) so that the legal minimum wage is linked to a *Poverty Datum Line* (PDL) set at the cost of basic needs for an average-sized family in Zambia, in the manner detailed below:
  - Progressive establishment of *Poverty Datum Lines* in each district (beginning at the province-level) tied to the total cost of essential food and non-food items for an average sized family (through consultation of the CSO and JCTR Basic Needs Baskets)
  - Fixing of the legal Minimum Wage to the *Poverty Datum Line* in each district (beginning in each province) of Zambia.
    - To be updated *annually* in line with rises in the cost of basic needs
    - To provide temporary exemption for small and nascent employers to pay employees in line with the cost of essential food items alone (*Extreme Poverty Datum Lines*)

- 6) Offer incentives such as greater access to bank facilities and soft loans, subsidies on utility bills, marketing opportunities, etc., to those businesses that cannot afford to pay the full minimum wage, especially those within the informal economy.
- 7) Establish a legal obligation for employers to pay gratuity benefits (at a minimum 2-months pay per year of service) to any employee whose employment is terminated (through either redundancy or through expiration of a contract) before legal retirement (at age 55 or after 25 years of service).
- 8) Strive to make NAPSA a viable social security scheme for all workers in the long-term, by embracing the informal employee and the self-employed through special contribution schemes and by increasing the flexibility for contributors and survivors to collect accrued benefits before a contributor reaches the age of 55, while also maintaining the fund's financial sustainability.
- 9) As and if NAPSA proves its viability as a national pension scheme for all Zambian employees, progressively remove the legal obligation of employers to pay retirement benefits (at minimum 3-months pay per year of service or private pension) to employees in Zambia.
- 10) Pay all outstanding terminal benefits owed to former employees of the GRZ and to retrenched employees of any privatised company.
- 11) Set the PAYE Tax Exemption Threshold in line with the cost of essential food items (*Extreme Poverty Datum Lines*) in the short-term and the cost of total basic needs (*Poverty Datum Lines*) in the long-term, and also revise the ZRA "Tax Table for Daily Paid Casual Workers" to provide equivalent daily tax exemptions to casual employees.
- 12) Increase the wages of the lowest paid government employees to exceed the *Poverty Datum Lines* in each district (in line with the legal minimum wage), while at the same time trying to maintain a total wage bill less than 8% of GDP through modest reductions to the salaries and gratuities of top government officials.
- 13) Enshrine the rights of the worker within the Bill of Rights of the New Constitution, by approving Provision 66 (2) of the Mung'omba Draft Constitution (2005) that states: "a worker has the right to (a) fair remuneration, equal work for equal pay, and to work under satisfactory, safe and healthy conditions."
- 14) Strengthen the capacity of the Ministry of Labour and Social Security to monitor employment across all districts of Zambia and to ensure compliance with all provisions of the labour laws, including attestation of all employment contracts, payment of wages, benefits and allowances in line with the minimum wage law, etc.

## ➤ ENCOURAGING THE COMMON GOOD

These 14 recommendations of the JCTR in regards to amending labour laws have been carefully constructed to promote the common good of Zambian employers and employees and the Zambian society at large. The majority of the labour laws were originally drawn up before independence or before the liberalisation of the Zambian economy, and the present Zambian context demands revised, harmonised laws to promote both the protection of the vulnerable employee and the growth of private sector employment. The JCTR proposes that the heart of the revised labour laws needs to be a clear, comprehensive and grounded Minimum Wages and Conditions of Employment Act (CAP. 276) that promotes the common good within individual places of employment and wider society.

In terms of minimum wage, the JCTR proposes that the legal minimum wage for an employee should be tied to a *Poverty Datum Line*, which is the cost of essential food and non-food items for an averaged sized family in a specific area. According to the JCTR *Basic Needs Basket* for September 2006, the cost of essential food and non-food items for a family of six in Lusaka totalled K1,450,250 (including cost of housing but excluding cost of transport, education, health, etc.). Therefore, employers in Lusaka would be required to pay a monthly minimum wage of approximately K1.5 million, with workers paid hourly wages (i.e., casual employees, part-time employees, etc.) and pieceworkers guaranteed an equivalent rate of pay.

The JCTR also recommends that an absolute minimum wage be set in Zambia, and that it be tied to an *Extreme Poverty Datum Line* set at the cost of essential food items for an average sized family in a particular area of Zambia. Looking again at the JCTR *Basic Needs Basket* for September, the cost of essential food items totalled K488,850 in Lusaka. Therefore, the absolute minimum wage in Lusaka would be at least K500,000 per month, with the PAYE Exemption Threshold set at the same level in the short-term. This absolute minimum wage would apply only for those employers who financially could not afford to pay the full legal minimum wage. These small or nascent employers would be allowed to apply through the Ministry of Labour and Social Security for an exemption from the legal minimum wage, subject to approval through inspection of employer records. These employers who could not afford to pay the full minimum wage could also be a target group for offering government incentives, such as access to soft loans, banking services, subsidised utility bills, etc., to encourage the growth of these establishments and eventual ability to pay the full minimum wage. This would also serve as an entry-point for informal businesses to enter the formal economy in a gradual manner.

In terms of terminal benefits, the JCTR also makes two distinct proposals to clarify the legal obligations of employers. First, for all employees who are terminated from employment before legal retirement (after either 25 years of service or reaching the age of 55), employers should be legally obligated to

pay gratuity of at least 2 months pay per year of service. This money could be set-aside by the employer or contributed by the employer to a private savings scheme approved by the Ministry of Labour and Social Security. In the case of death of employee, terminal benefits must also be made available to survivors. This guaranteed terminal benefit is in recognition of the vulnerability of any employee in Zambia who loses employment, and is meant to ease the transition of an employee from one job to another.

Second, the JCTR recommends that if NAPSA proves itself as a viable pension scheme for the long-term, employers should be excluded from a legal obligation to pay their employees retirement benefits of 3 months pay per year of service. For NAPSA to prove its viability, it needs to prove its financial sustainability while also increasing the flexibility of contribution and collection options. In terms of contributions, options must be afforded to informal sector employees and the self-employed.

In terms of collection options, pension collection points must be made available in decentralised locations across the country. Furthermore, collection of pension must be made available to those who legally retire (after 25 years of service) before the age of 55 and to survivors of contributors who never legally retire. As the system stands now, a survivor of an employee who makes 25 years of contributions yet dies before collecting a pension check is not legally entitled to a pension from NAPSA. Only after all of these concerns are remedied could the law be revised to remove the legal obligation of employers to pay retirement benefits at the rate of 3 months pay per year of service. Also, this legal change could only be progressively enforced, applying only to new contracts and not to existing contracts, to ensure that workers who did not contribute to NAPSA before its existence do not lose out on a minimum retirement benefit of 3 months basic pay per year of service.

In essence, these two legal changes in combination would remove the pressure on employers to hire on a short-term basis and instead would motivate long-term employment in Zambia. The only way for an employer to escape the legal obligation to pay terminal benefits would be to employ a worker until he or she could legally retire and collect a pension from NAPSA. The “penalty” for making an employee redundant or for hiring an employee on a fixed contract would be the legal obligation to pay gratuity of at least 2 months pay per year of service. Can employers afford to pay wages in line with the cost of living and mandatory gratuities for all short-term employees?

While it may seem like only Zambian employees would benefit from these proposed changes, employers could also save money from these proposals in the short and long-term. Of course, the average Zambian employee who earns far below K1,500,000 would receive an immediate pay increase and would also be guaranteed gratuity at the end of employment. In the short run, the unavoidable monthly cost to private-sector employers (and government) due to increases in cost of labour would effectively motivate employers to cut costs

elsewhere, either by managing operations more efficiently or by giving pay-cuts to employees earning in great excess of the legal minimum wage (i.e., high-ranking figures in government, managing directors, etc.). It is time that all employers are challenged on the notion that the only variable of total operational costs that can be minimised is the cost of hiring labour, especially the poorest-paid labour! Whereas uncreative managers often attempt to increase profits by minimising investment in labour, exceptional managers increase profits by increasing the productivity and morale of the workforce, by organising overall operations more efficiently and by reducing upon superfluous sources of expenditure.

In response to the argument that employers would then inevitably fire employees, the revised labour laws could actually encourage employers to re-negotiate contracts to encourage long-term service from their employees. In addition to this incentive of increased stability of labour, employers would face financial difficulties in immediately retrenching workers due to the obligation to pay gratuities to all employees. And if an employer truly could not pay the full minimum wage to all workers, the option would still remain to apply for an *exemption* from the Ministry of Labour and Social Security. This would, of course, require capacity building in this Ministry to undertake the task of deciding who should get exemptions. In the long run, the removal of the legal obligation for an employer to pay retirement benefits to each and every employee would allow individual employers to save significant amounts of money, ranging into the billions of Kwacha for medium to large employers.

Furthermore, the benefits would promote the common good of the Zambian society at large. Putting more money into the hands of the average Zambian equates to greater support of Zambian workers, especially farmers in the rural areas. Whereas those at the top have an inclination to spend money on luxury items (vehicles, electronics, flights abroad, etc.) that benefit workers outside of Zambia, the average Zambian is more likely to spend money to buy more food, send children to school, visit relatives within Zambia, etc. In addition, by setting the minimum wage in line with district-specific *Poverty Datum Lines*, economically deprived districts with lower minimum wages could attract greater business investment. It is clear that promotion of the common good in Zambia begins more importantly with the promotion of the common good of Zambian employees.

## **HOW CAN WE HELP RESTORE DIGNITY TO EMPLOYMENT?**

Though prudent labour laws provide a foundation for uplifting the Zambian employee, a Zambian house free from worker vulnerability can only be constructed one block at a time, with no member of society evading responsibility. Restoring dignity to employment concerns each one of us and our countless personal choices: to be productive members of society, to work our hardest given the opportunity, to use our talents to transform the world positively, to pay wages that do justice rather than give charity, to respect rather than exploit labour laws, to challenge abuse of vulnerable workers, to remedy the causes of child labour, to uplift the dignity of our brothers and sisters, to live motivated by love. It is the belief of the JCTR that the Zambian employee will

only be free from injustice when employers are simultaneously motivated by prudent government regulation and a moral obligation to respect the basic human dignity of workers in their roles as co-creators with God. Both the Zambian Government and the Christian Church in Zambia have a unique moral obligation to employ in a just manner and to set positive examples for the nation. The government, as steward of public resources and of the public good, has a moral obligation to distribute resources in a fair manner that benefits all Zambians rather than a few of the powerful. And the Church, as the embodiment of the social teaching of Jesus, has a moral obligation to uplift the spiritual health of all members and the physical wellbeing of those it can, including all its employees. Also, in a country where informal employment outside of the law is more common than formal employment, the social teaching of the Christian Church reminds each one of us of our duty to follow the example of Christ regardless of the laws of humans. As Jesus set the deaf, the blind, the sick free from their afflictions, we too should strive to uplift each other and promote the common good through loving actions that recognise the dignity of all humans. What does employment look like if motivated by love?

As employers of maids, houseboys, pieceworkers, shopkeepers, assistants, traders, etc., love motivates payments that empower employees to meet basic needs or hours of service that allow employees to supplement their income elsewhere. Love motivates bonuses, advances, increments, advice, condolences, congratulations, praise, and thanksgiving. Love motivates gratuity that empowers an employee to move forward, start his or her own business, build a house, go back to school, better utilise his or her talents to better the world. Love motivates respecting the labour laws, reporting worker abuse, challenging friends who abuse others, refraining from corruption, operating clean businesses. Love puts friendship, family, community and nation before individual glory.

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October, 2006

# JCTR BASIC NEEDS BASKET: LUSAKA

September 2006

## (A) COST OF BASIC FOOD ITEMS FOR A FAMILY OF SIX IN LUSAKA

Commodity	Kwacha	Quantity	Total
Mealie meal (breakfast)	34,400	3 x 25 Kg bags	103,200
Beans	7,300	2 Kgs	14,600
Kapenta (Siavonga)	36,000	2 Kgs	72,000
Dry Fish	46,700	1 Kg	46,700
Meat (mixed cut)	13,600	4 Kgs	54,400
Eggs	5,000	2 Units	10,000
Vegetables (greens)	1,900	7.5 Kgs	14,250
Tomato	2,300	4 Kgs	9,200
Onion	2,900	4 Kgs	11,600
Milk (fresh)	7,000	1 x 2 litres	7,000
Cooking oil	13,700	2 x 2 litres	27,400
Bread	2,400	1 loaf/day	72,000
Sugar	4,500	8 Kgs	36,000
Salt	1,800	1 Kg	1,800
Tea (leaves)	8,700	1 x 500 g	8,700
<b>Sub-total</b>			<b>K488,850</b>

## (B) COST OF ESSENTIAL NON-FOOD ITEMS

Charcoal	41,800	2 x 90 Kg bags	83,600
Soap (Lifebuoy)	1,100	10 tablets	11,000
Wash soap (Boom)	2,500	4 x 400 g	10,000
Jelly (e.g., Vaseline)	5,300	1 x 500 ml	5,300
Electricity (medium density)	113,000		113,000
Water (medium density)	88,500		88,500
Housing (medium density)	650,000		650,000
<b>Sub-total</b>			<b>K961,400</b>

Total for Basic Needs Basket

**K1,450,250**

Totals from previous months	Sept 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	June 06	July 06	Aug 06
Amount	1,353,790	1,348,860	1,345,550	1,368,700	1,415,650	1,413,150	1,408,050	1,408,700	1,421,850	1,379,650	1,376,300	1,421,650

## (C) SOME OTHER ADDITIONAL COSTS

Item	Kwacha	Item	Kwacha
Education (PTA/user fee per year)		Health (clinic / hospital fee)	
Upper Basic (grades 8-9)	K220,000-K350,000	Monthly Scheme (per person)	K1,500
Secondary (grades 10-12)	K220,000-K380,000	No Scheme Emergency Fee	K8,000
Transport (bus fare round trip):		Fuel (cost at the pump)	
Chilenje-Town	K3,800	Petrol (per litre)	K5,840
Chelston-Town	K4,400	Diesel (per litre)	K4,765
Matero-Town	K3,600	Paraffin (per litre)	K3,832

"Zambia ili namabvuto yambiri yamene yafunika mutsogoleri amene angakhoze kuyasiliza. Zintu zamene atosogoleri bazipani zandale batipasa monga vitenje, mabulangeti, vakudya, njinga sivingakhoze kusiliza mabvuto yatu mu Zambia, ndipo noti vikatisokoneze po vota." – Woman in Kalikiliki

## (D) SOME COMPARATIVE FIGURES OF WAGES—"TAKE HOME PAY"

	Teacher	Nurse	Guard with Security Firm	Secretary in Civil Service	Average Monthly Income in Urban Low-Cost Area - CSO	Piecoworker on a Farm
Pay Slip	K672,000 to K1,193,000	K748,000 to K2,105,000	K250,000 to K750,000	K653,000 to K1,190,000	645,326 (between October 2004 and January 2005)	K3,000 to K15,000 per day

This survey was conducted on 26<sup>th</sup> to 27<sup>th</sup> September 2006 by the Social Conditions Research Project of the Jesuit Centre for Theological Reflection. Average prices were calculated on the basis of prices gathered from retail outlets at Northmead, Town Centre (Shoprite), City Market, Chawama, Chainta, Kabwata, Matero and schools, clinics/hospitals around Lusaka. The September Basic Needs Basket is approximately US\$366 based upon an average middle exchange rate of 3965 Kwacha per US\$ at the end of September.

To access additional information on wages and conditions of employment in Zambia, including summaries of Statutory Instrument 56 for the Shop Worker and Statutory Instrument 57 for the General Worker, please visit the JCTR office or website <[www.jctr.org.zm](http://www.jctr.org.zm)>.