

**Remarks by Martin Clemensson, ILO Director, on the Occasion of the  
Tripartite Consultative Labour Council Meeting, 21<sup>st</sup> December, 2011**

Hon Minister Fackson Shamenda

President Alfred Masupha and Executive Director Harrington Chibanda of ZFE

President Leonard Hikaumba and General Secretary Roy Mwaba of ZCTU

President Joyce Nonde-Simukoko and General Secretary Lyson Manda of FFTUZ

Distinguished participants

Ladies and gentlemen,

1. This is the new Government's first Tripartite Consultative Labour Council meeting. Two critical factors that affect a number of sectors in our national economy are on the agenda. These are the proposed revision of the Minimum Wages and Conditions of Employment Act, Statutory Instrument No. 2 of 2011, and the Retirement Age clause in the Employment Act.
2. The two issues have generated a lot of interest and debate in various circles in the last few weeks. On the one hand, some sections of the labour force feel that they can claim their rights and influence reform through collective action, while on the other hand some entrepreneurs feel that the proposals being made by the Government would have a negative impact on the profitability of their enterprises and ultimately on their very survival.
3. Although economic growth and higher Gross Domestic Product have been recorded in recent years, this has not translated into real growth in terms of employment creation. Any measures to change the legislation should therefore take into account the impact on job creation and the sustainability of quality employment given the fact that the private sector is playing the key role in employment creation. Of great concern regarding the effects of legislative change are the Micro, Small and

Medium-sized Enterprises (MSMEs) that collectively create the vast majority of jobs. Any initiative to bring about change in Labour Legislation should not disadvantage the MSMEs.

4. Labour Laws in general need an overhaul. Over the years we have seen piecemeal reform of Labour legislation and in most cases implementation of the changes has also taken longer than is necessary. The Minimum Wages and Conditions of Employment Act, for instance, was revised in January 2011 and prior to that in January 2006. The five year lapse in the revision of the statute has brought about its own challenges. Challenges that could have been avoided had the revisions been more regular. I wish to appeal to this Council, as you deliberate, to agree on the frequency or determinants of the revisions. Revisions could be determined by time, inflation rate or a rise in the cost of living.
5. The new Government has already taken steps to address the weaknesses of the overall labour legislation by asking the Director General of the ILO to assist with a review of the entire labour code. He has responded favourably and draft terms of reference for an Issues paper on what needs to be revised has been drawn up and will be subject for consultation with the social partners. The intention is that the Issues Paper will be debated here in the next TCLC meeting.
6. While the focus of today's meeting is Minimum Wage and Retirement Age, I wish to urge you to keep your minds open and think about the entire Labour Law framework for Zambia and consider what aspects of the Labour Laws that may require immediate intervention.
7. The debate remains whether the Minimum Wage that was legislated in 2011 serves to meet the minimum requirements of the average Zambian worker or whether more can be done to improve its significance over the long term. It will help to look at this, both from the employee's point of view in an effort to ensure that the employee earns a decent wage, and from the employer's point of view to ensure that the employer can manage his or her costs, stay in business and continue to contribute to national development. Naturally, the employer would expect that a higher wage would be reflected in higher productivity.

8. Having noted that the TCLC seeks to institute a sector based minimum wage, the ILO recommends that a thorough analysis of the sectors (such as mining, agriculture and construction – *ie the key drivers of the Zambian economy*) in which this minimum wage would apply - needs to be undertaken in order to provide the empirical evidence that would warrant the various tiers of minimum wages. It would also be useful to have productivity assessments within these sectors to further show why and where this Minimum Wage should be applied.
9. We will also need to examine the extent to which the current Minimum Wage is being implemented by the different players in the economy. Do the stakeholders fully understand the implications of current Minimum Wage requirements and what would an increase of the current provisions entail?
10. Let me now move to the issue of the Age of Retirement. This is related to factors like levels of productivity, life expectancy and may have different implications for different professions. One measure that the TCLC should take into account is the need to strike a balance between the demand and supply side of the Labour Market. There is need for careful analysis of the different implications of increasing the Retirement Age. Have we for instance considered what increasing the Retirement Age would mean for pension schemes and medical schemes? How would succession planning be affected? Importantly, what will the change do to organisational productivity and motivation?
11. The discussion today reflects the aspirations of the new Government to obtain Decent Work for All, in line with the four strategic objectives of the Decent Work Agenda (Rights at Work, Employment Creation through Sustainable Enterprises, Social Protection and Social Dialogue). This will happen concretely through the Decent Work Country Programme 2012-2015, which, as you well know, is being developed by the ILO's Tripartite Constituents, who are also represented here today.
12. In concluding, I would like to invite the TCLC to work with the ILO in finding a means of establishing a permanent secretariat to support its

operations and ensure regular and well structured meetings that would ensure that decisions affecting Labour and Employment issues are made in a timely manner. The Secretariat would also provide meeting documentation well in advance so that the delegates can prepare themselves.

13. I would further encourage the TLC to broaden its discussions outside Labour Law Reform to include policy advice for the Government on the range of issues that affect the conditions for the creation of more and better jobs in Zambia.

14. With these remarks, I wish you fruitful deliberations and I do assure you of the ILO's commitment to support the process.

I thank you