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30th March 2020

Dear Member,

RE: REGULATION OF EMPLOYMENT AND LABOUR MARKET RELATIONS IN THE WAKE OF THE CORONA VIRUS ALSO KNOWN AS COVID – 19

This is to inform you that on Thursday 26th March 2020, the Tripartite Consultative Labour Council (TCLC) met to discuss the Management of the Labour market relations in the wake of the Corona virus also known as COVID-19. The Zambia Federation of Employers had requested for this meeting which was also supported by the Zambia Congress of Trade Unions.

By the time of the meeting the ZFE Secretariat had received reports from members in the Tourism Sector that their businesses had been severe hit following the cancellation of International flights, Hotel and lodge bookings, conferences and meetings. The Sector players wanted guidance on how to handle workers. It was also known that through the value chain other Companies in other Sectors were affected in one way or another.

As some of you may have received or heard from the media the resolutions of the TCLC meeting from the Press Briefing that was held by the Minister of Labour and Social Security on 31st March 2020, the following were the resolutions:

1. To place employees on paid annual leave. The employees to take leave should include those with and without accrued leave days. Those without accrued leave days will have the leave days taken deducted from them from their future leave days to be accrued.
2. To limit forced leave to employees in the Tourism and Hospitality Industry that has experience the economic effects of Corona Virus (Covid-19) due to the cancellation of bookings and demand for refunds resulting into the reduction of their clientele. The provisions of Section 48 of the Employment Code Act No. 3 of 2019 shall only be invoked for other sectors after assessment have been conducted by authorised officers in such business entities.
3. To review the state of affairs on the basis of the informed advice obtained from the Ministry of Health and if public health threat deteriorates or fails to abate within an agreed time frame.
4. To avoid undertaking redundancy exercises as this is not only undesirable but will also escalate expenditure on the part of the employer. And most importantly the employer may

not be able to fulfil the redundancy criteria, namely the prescribed notice periods and consultation requirements that are integral to a fair redundancy process.

You will note that from the Press Statement by the Minister of Labour and Social Security, there is mention that item number (5) reported to have been agreed upon by the TCLC was to move amendments to the Workers Compensation Fund Control Board (WCFCB) Act aimed at revising assessable earnings per employee of a company which is currently at K800=00 to K1,200 less than K20 to above K30 per worker, in some cases depending on the risk factors.

Members who attended the Employer Consultative Meeting held in Lusaka and Kitwe in 2019 at which your Secretariat shared that there was a proposal from Workers Compensation Fund Control Board to increase the assessable earnings from K800 to K1,200 will recall that employers took a position not to accept the proposal.

The just ended TCLC had an Agenda item to deal with the Workers Compensation Fund Control Board. The Employer group at the meeting raised a concern at the Special Meeting was only for the COVID-19 and no other business so the Agenda was adopted to have a discussion on COVID-19 and that Workers Compensation Fund Control Board Chief Executive Officer should only present her report concerning the consultative meetings that were held with ZFE and ZCTU. This was agreed as such:

Surprisingly when the workers took the floor they made submission that they supported the proposal by WCFCB to increase the assessable income of the WCFCB from K1,200 to K1,800. The Government also took the floor and indicated that they were in support of the proposed increment.

The Employer group raised a point of order to find out if it was in order for our Social Partners to take positions on a matter which was adopted only for a presentation of the consultative meetings held by WCFCB with ZFE and ZCTU.

The Chairperson ruled that even if the matter was to be deferred for discussions at a future TCLC it would not make any difference as the Workers and Government were still going to support the proposed increment defeating the Employers. Accordingly, the employer's team conceded defeat on this particular matter.

Going back to the Administration of labour in the wake of COVID-19, the Minister is aware that the impact of the COVID-19 on industry may not be the same. She is also considerate of the fact that even those companies who at the moment have been guided to send employees on full paid leave or forced leave with a basic pay only may reach levels when they cannot afford to pay the workers even a basic pay. In view of this, the Minister has asked ZFE to conduct a survey on members to establish the different ways that companies have been impacted. The idea behind this survey is to enable the Minister appreciate the

level of impact and also to provide exemptions of paid leave or forced leave on basic pay and authorise unpaid leave to companies that will be found unable to afford basic pay to employees even outside the Tourism or Hospitality Sectors.

For this purpose of the said survey kindly provide your Secretariat information on how your business has been affected for our onward submission to the Minister.

Kindly give us your responses by end of business on Thursday the 9th April 2020.

Also find attached the Press Statement that was issued by the Minister of Labour and Social Security yesterday.

Yours faithfully,

ZAMBIA FEDERATION OF EMPLOYERS

A handwritten signature in black ink, appearing to read 'H. Chibanda', is centered below the text.

HARRINGTON CHIBANDA

EXECUTIVE DIRECTOR