

ZAMBIA CONGRESS OF TRADE UNIONS.

REPORT

ON THE

**ZCTU PRE 2008 NATIONAL BUDGET WORKSHOP
HELD AT BALUBA MOTEL, LUANSHYA
23-24 AUGUST 2007**

**DEPARTMENT OF RESEARCH & ECONOMICS
ZAMBIA CONGRESS OF TRADE UNIONS
SOLIDARITY HOUSE
P O BOX 20652
KITWE.
TEL: 02-228284
CEL: 0955/158832
EMAIL: zctu@microlink.zm**

1.0 Introduction

Every year the government of the republic of Zambia invites stakeholders to submit proposals for inclusion in the national budget for the following year. These proposals range from Macroeconomic policies, revenues measures as well as suggested expenditure patterns. The Zambia Congress of Trade Unions (ZCTU) has seized this opportunity to make formal submissions to government through the Ministry of Finance and Economic Development. This is one opportunity that provides space for ZCTU to influence and participate in the national policy process. It is for this reason that the ZCTU has over the years been organizing Pre Budget Workshops to receive inputs from national unions which are then consolidated as a trade union input into the National Budget process.

The broad objective of the workshop is to debate trade union inputs and come up with a consolidated trade union position paper that reflects workers aspirations, interests and concerns for submission towards the 2008 national budget process. The specific objectives are;

- Appraise trade union leadership on the current socio-economic situation;
- Receive and debate inputs from national unions; and
- Debate and arrive at a consensus on the priorities, form and structure on combined trade union input to the national budget

At the end of the workshop it is expected that the trade unions will adopt the draft conclusions that will constitute the trade union input to the national budget process.

1.2 Attendance

The workshop was attended by 36 participants, including the resource person. Sixteen per cent of the total participants were female. The workshop was targeted at the Executive Board, Women Committee and General Secretaries of national unions affiliated to the Zambia Congress of Trade Unions.

1.3 Official Opening Ceremony

To start with the coordinator Mr Austin Muneku talked about this important event undertaken by ZCTU leadership every year as stakeholders in the process to the budget input. He then allowed participants to introduce themselves thereafter took the privilege of welcoming the ZCTU Secretary General, Mr Sylvester Tembo and Deputy Vice President, Mr. Davis J. Chingoni who introduced themselves.

Mr Tembo took the floor and started by giving an overview of the budget review and made an observation that there was an improved reception by government of our submissions in the past two years. He noted that out of all the submission for last year, three items were included in the budget. Secondly he mentioned of the improved interaction with the Ministry of Finance and Ministry of labour but singled out the need

to penetrate the meetings of permanent secretaries or cabinet being the focal point where decisions are generated.

Mr Tembo finally apologized on behalf of Mr L Hikaumba, Mr A H Mudenda and Mr I R Mkandawire for having not attended the pre-budget workshop since they were attending to other important issues.

The Vice President also came in with the officiating speech and started by stressing the need for the chief executives to be present when issues of such national importance are being discussed and encouraged everyone present to contribute fully and effectively. He then gave thanks to the cooperating partners for their continued support to Congress even though they were not physically present.

In his speech, Mr Chingoni referred to the pre budget workshop as a permanent feature on the calendar and therefore the affiliate budget inputs should reflect the members' interests and aspirations to be consolidated into one trade union input for the year 2008. He said the budget should not be seen as mere accounting tool of balancing figures as it has been used to outline impressive and robust economic projections but it should take into account of the realities on the ground. To this end, he alluded to the positive growth rates recorded over the past five years and yet what is seen in reality, is a deteriorating quality of life in the socio- well being of the Zambian populace. Poverty levels and unemployment still remain high.

He went to give an example of the false 2007 theme "From Stability to Improved Service Delivery" to which he said its poorer results can only be attributed to lack trained manpower, lack of effective water reticulation or decent toilets and polluted streams as some of the common challenges that he mentioned. He said we can only ask ourselves what kind of progress has been recorded in the meeting infrastructure requirements in the hospitals and schools.

Mr Chingoni failed not to mention the prolonged negotiations for improved salaries and wages and conditions of service obtaining in almost all sectors of the economy, the worst being the public sector unions with particular reference to housing allowance. He then touched on another pressing issue of the working poor who are plagued with low incomes, high cost of living, high taxes, commercialization of public goods such as education, health, water, energy and none payment of salaries/ wages in due time, sometime running in arrears of several months, none payment of severance and retirement packages to which he said the list could be endless.

To the above problems, Mr Chingoni related the need to address the aspect of PAYE and government's seriously revisiting the allocation of adequate funds to salary/wages adjustment and other conditions of service for all categories of public service and grant aided institutional workers. He said such would improve issues of fire services, unblocking of unpaid wages/ salaries in councils, refuse collection especially with the "Keep Zambia Clean Campaign" and the clearing of public service pension schemes indebtedness.

Mr Chingoni also prodded leadership to take keen interest in the monitoring and tracking the implementation of the budget in the interest of their members and therefore their role to check government's use and application of public revenues. He said in order to avert abuse, we as major stakeholders should provide early warning mechanisms. He also urged trade unions to support the war on corruption. This, he mentioned, could be realized by the leadership taking concrete measures and actions to stand out as watchdogs. He lamented government failure to act on unearthed findings of the Auditors General reports and hence the need to strengthen institutions tasked to combat corruption. He said resources wasted in this area could instead be used to fight poverty and this would morally allow natural bearing of children and not the unfortunate prodding of people to stop producing children.

He mentioned the need to shift from foreign dependency in budget financing to the prudent application of our resources. He observed that beneficiaries of Zambia's resources are just a few individuals' big businesses, and therefore the call to streamline corporate taxes and mineral royalties should be best taken heed to immediately to have a meaningful contribution to the economy.

Finally, he called on the leadership to reflect on the house cleaning exercises by extending the budget process within the individual and collective organizations. He admitted budget difficulties being experienced by government to be similar to our institutions. This sometimes leads to failure to run operations due to budget constraints and therefore pointed the need to be accountable especially towards the obligation to ZCTU. He said cleaning our houses should be priority, other wise this may pose a serious threat to the existence of the workers organizations. The other alternative he suggested was that of merging of smaller unions so that we can be economically viable and sustainable to deliver the services.

He then declared the workshop officially open.

Thereafter a chairman was elected in the name of Mr Darison Chaala to preside over the orderly deliberations of the workshop.

1.4 Vote of thanks by Mr Wezi Luhanga, BUZ

Basically Mr Luhanga welcomed the rare privilege of deliberating on the budget inputs to all trade union leaders who needed to seriously analyze matters surrounding the Zambian economy. He even expressed surprise that the voice of the labour movement over the constitution making process has not been added to expected levels. He hoped that the process would not be allowed to end in futility as the 1996 constitution making.

He then thanked the Vice President for the wise words of encouragement to the gathering and reminded everyone to bear the words of wisdom as they deliberated.

A group photo was taken after the official opening ceremony after which the coordinator invited Mr Greyson Koyi to present a paper.

2.0 Session 1 : An Overview on Current Socio-economic Situation: Setting the Agenda for a Workers and Peoples Budget

The overall objective of the presentation was to generate debate on the existing macroeconomic and fiscal frameworks explained Mr Koyi leading to labour's consolidated submissions for the 2008 budget.

Mr Koyi then gave an overview of macroeconomic indicators from 2002 to 2007 which revealed that the economy had generally performed well as the inflation trends were going downwards. Related to inflation he sounded a warning that scholars guided that a developing economy as ours could do better to remain within 10 to 20%, otherwise if the rate is forced further than this it would result in a pull down effect to eventually impact on the GDP and stifled economic activity.

He quickly noted that there has been a 'jobless growth' and poverty levels still remain high when the country is recording robust macroeconomic performance. This has not translated into improved lives and working conditions for the majority of Zambians.

Mr Koyi therefore stressed the need to extend the debate further than the rhetoric macroeconomic indicators in addressing questions of policy mix for growth which can reach the poor. The focus was on

1. The aspect of resource allocation to ensure a balanced and inclusive growth process.
2. The identification of additional measures needed to enhance social protection to equip the poor for them to take advantage of new opportunities arising from growth.
3. The prioritizing of gainful employment promotion, particularly for the youth.
4. Undertaking a pro-active agenda towards the informal sector

He then made observations and gave reasons why our macroeconomic framework is not geared for job creation. The evidence on the ground suggests that we do not have clear cut employment policy at macro level. Additionally he said we have various stand alone and divergent policies and programmes at the 'meso' or sector level which are not well coordinated. He therefore suggested an integration of 'meso' policies with policies at the macro level.

The broad based sets of policies that the 2008 budget must consider are:

- The direct approach of setting of annual targets for job creation
- The provision of institutional mechanisms for coordinating and linking of all sector strategies and programmes on employment.

In terms of major policy thrust, Mr Koyi said these should continue to focus on health, education, water, sanitation but also to raise attention to social protection.

Mr. Koyi reflected that the 2007 broad economic sectors thrust were agriculture, mining, manufacturing, and energy but the 2008 focuses on employment promotion and prioritizing construction and stabilizing oil prices. Hindsight has shown that the cement shortage was a failure to capture the demand trends in the construction sector. Provision of timely agricultural inputs and adequate produce buying mechanisms could be another motivating factor for the peasantry farming.

Another major area of concern he mentioned was the delay in the budget execution. He gave an example that only 70% of the budget was executed in 2005 and 87% percent in 2006. He stressed the need to have a result based system to also check on the public sector spending and funds disbursement.

Mr Koyi tackled two sides of the fiscal framework, on the revenue side he highlighted issues to be addressed:

1. The lowering of PAYE rates which remain high for the lower income categories.
2. The broadening of the tax base
3. The potential enhancement to capture revenue from the gemstone mining.

On the expenditure side, he observed that a structural problem exists especially on

1. The ratio of current to capital expenditure, suggest that it is more of a consumption oriented budget.
2. The re-evaluation of the distribution criteria particularly that public expenditure on Personal Emoluments (PE) is high and yet actual salaries for civil servants are still poor.

He concluded by highlighting areas requiring attention such as the need to recruit more health personnel and teachers and the relative increase of resources which shall ensure competitive remuneration. He also alluded to the urgency of increasing the tax exemption threshold with linkages to the basic needs basket poverty line.

3.0 Session 2: National Union Briefs

The submissions from the national unions' executives were similar on certain issues such as the call to expand the tax base by means such as the introduction of toll gates, collection of market levies by politically neutral and functional informal sectors associations. The suggestions of increasing the tax exemption threshold which also ranged from K 750,000 to K1,000,000.

A common feeling came out that since the country attained the HIPC completion point, workers should not be subjected to further sacrifice but be remunerated to benefit from their sweat and patience, most significantly the public workers. Free Education is one way many felt could benefit the country to build the capacity of many poor Zambians with suggestions of building more universities.

Those which were of specific nature were as follows.

Gemstone and Allied Workers Union of Zambia- GAWUZ

There was a call to exempt tax on mining equipment to enable many local businessmen to venture effectively in this sector.

National Union of Plantation and Allied Workers- NUPAW

The concern was directed towards government to allocate resources in the quest of

- Checking against child labour who are exposed to hazardous chemicals on various farms.
- The improvement of infrastructure for easy passage of inputs and products.
- Re-launching of cattle restocking to help upcoming farmers.
- Resuscitating of dip tanks in animal rearing to stump out foot and mouth diseases.

Bankers Union of Zambia- BUZ

The union called on government to re-introduce housing allowance onto their payroll to enable many workers to borrow mortgage loans since lending ability is income based.

Railway Workers Union of Zambia- RWUZ

Government was prodded to consider repossessing the rail system from the concessionaire since the performance is far worse than when it was within Zambian hands and management.

United House and Domestic Workers Union of Zambia- UHDWUZ

The call was directed towards the Ministry of Labour and Social Security-MLSS to put up regulating laws over the number of working hours per day.

Zambia National Health and Allied Workers Union- ZNUHAW

They gave an outcry that no more sacrifice shall be tolerated and therefore hardship and retention allowance must be paid within reasonable time.

Zambia National Union of Teachers- ZNUT

The union implored on government to improve the wage bill which should be within the 8% of the GDP as teachers are not being paid to expected levels leading to high poverty incidence.

National Union of Building, Engineering and General Workers- NUBEGW

The call on government was to protect the local industry by putting protectionist mechanisms.

Copper-belt University Workers Union-CBUWU

There was an urgent need to increase the allocation in the 2008 to avert problems which arise in failing to run the institution leading to immature closures.

Zambia Bus and Taxis Workers Union –ZBTWU

The union requires government to check on unregistered private taxis and buses.

National Union of technical and Education Lecturers- NUTEL

The call was based on their nature of the contractual work that for the Gratuity they get to be meaningful, should not be taxed and instead suggested that the Zambian Diaspora abroad, who have benefited from the Zambian systems of education, should contribute towards the country's revenue.

Women Committee

The Committee implored government to fulfill the National Gender Policy adopted in 2000 where it promised to remove the gender imbalance in the development process and the country's decision making.

Another area of concern was the high rate of women who are poor and therefore called on government to empower them by providing business skills or linking them to financing institutions for betterment of life.

4.0 Session3: Group Work

At 14: 15 we convened and Mr Austin Muneku facilitated the groups work by the topical issues of prioritization on the expenditure and revenue side of budget and other policy measures which were given to the two groups to discuss.

Group 1 looked at the revenue side and was the first to present

In responding to the questions the group outlined the following answers;

A.- Proposals for widening the tax base;

1. Government must introduce toll gates in strategic places for increased collections.
2. ZRA must extend tax collections to marketers by way of engaging council officers to help in the collection tax.
3. Government should zero rate mining equipment to enable gemstone mining flourish and encourage them to form cooperatives as point tax collections.

4. Government, employers, and the labour movement must form a task force or commission on how best the tax base should be extended to the informal sector.

5. ZRA should engage tax collection agencies on commission basis to ensure that the cost of collecting tax is well distributed to enable the revenue benefits realized be more than the cost.

B.- On other revenue measures –

1. The mineral royalties should be increased from 3% to 6%.

C.- PAYE adjustment proposals.

1. Government must lift tax on housing allowance, transport and rural hardship allowance to motivate lowly paid workers.

D.- Proposed income tax bands

1. The recommendation was that the minimum taxable income must relate to the Basic Needs Basket (BNB) and therefore proposed the following tax bands and tax rates:

Tax band	Tax rate
K 0.00 - K 1,200,000	0%
K 1,200,001 - K 3,000,000	15%
K 3,000,001 - K 5,000,000	25%
K 5,000,001 - K10,000,000	30%
Above K 10,000,000	35%

The group noted that currently workers are heavily taxed and contribute about 50% of domestic revenue to the budget. Therefore there is overriding need to revisit the tax bands and rates.

E.- Mode of delivering the trade union submissions

1. It is proposed that after submissions to government recommendations should be published in the public media.

2. ZCTU should call for a discussion meeting with all stakeholders to the budget i.e. the Bank of Zambia, Cabinet and ZRA.

Group 2 discussed the expenditure side and recommendations were as follows.

A.- On policy proposals to promote decent work and reduce poverty.

1. Agriculture
 - Improving irrigation systems.
 - Conducting seminars to keep abreast with new farming methods.
 - To encourage tree planting.
 - Increase the credit facility.
 - Encourage formation of cooperatives.
 - Increase the local fertilizer production.

2. Construction
 - Address the shortage of cement.
 - Export halt and concentrate on the local market i.e if finding prove that the shortage is due to exporting.
 - Speeding up the process i.e if the shortage is due to maintenance and expansion exercise of the plant.
 - Increase the production capacity i.e if there is high demand.
3. Manufacturing
 - Empower local manufacturers.
4. Tourism
 - Government should create an environment encouraging tourist to spend within Zambia and should come up with measure of imposing penalties on lodge owners who allow visitors to pay from outside the country.
5. Transport
 - Improve the road network.
 - Expansion of the rail lines to all provinces to lighten the load on the roads.
 - Rebuild all airstrips to international standards.
 - Government should repossess the Rail Systems of Zambia (RSZ), as it was observed that government is not completely bound by the signed pacts but can instead enact new laws to undo the unfair clauses existing in standing agreements for the benefit of many.

After the plenary session there was an interactive session where people expressed concern on the mode of submission. It was suggested that ZCTU assembles a technical team to make presentations of the trade unions submissions before the technical members of government (Permanent Secretaries) before recommendation are made to government. This is to allow the soliciting for and influencing government acceptance of trade union inputs into the budget. After the trade union submissions are made they must be released to the general membership and public.

The workshop based on the outcome of the group work adopted the same as the trade union input to be submitted towards the 2008 national budget preparatory process. It was also agreed that submissions made towards 2007 national budget but not considered by Government be resubmitted. (ZCTU submissions made separately)

The coordinator in conclusion thanked the general secretaries for seriousness and focused deliberations. He reiterated that these were critical matters to which they are called to give undivided attention as they touch on the lives of many people.

The chairman also thanked the participants for their cooperation during his work.

5.0 Closing

Finally the women committee Chairperson and ZCTU Trustee, Mrs. Agnes Mumba, delivered the closing remarks.

Mrs. Mumba also began by showing gratitude to them team work shown in the preparation of the 2008 budget inputs. She however echoed the ZCTU commitment to expose the leadership to policy developments and current issues of national interest for them to be equipped to meet such challenges. This, she said, has been possible through the research wings which are supposed to put in place by all. She then referred to the ongoing setting of the Zambia institute for Labour Research Development (ZILARD) to be established for increased capacity of trade unions as this the desire of ZCTU.

She assured the leaders that we still have ample time to refine and circulate the conclusions reached before submission to the ministry of finance and national planning for the 2008 budget inputs. She hoped that government, this time, will give a more listening ear.

After thanking the facilitators and resource persons she wished everyone success in their union work.

6.0 Workshop Programme

DAY ONE 23/08/07

Afternoon Arrival of participants
Registration /Orientation

DAY TWO 24/08/07

08:30 – 09:00 Hours **Official Opening**

- FES Representative
- ZCTU Deputy President Mr. Davis Chingoni

09:00 – 09:30 Hours **TEA BREAK**

09:30 – 10:30 Hours **Setting the Agenda for a Worker and People’s Budget**
Mr. Grayson Koyi
Plenary Session

10:30 – 13:00 Hours **National Union Briefs: Input into 2007 Budget** and
Plenary
Session – Presentations by national unions

13:00 – 14:00 Hours **LUNCH BREAK**

14:00 – 15:00Hours **Group Work:** Prioritization: Expenditure and Revenue
and other Policy Measures
Facilitated by Mr. Austin Muneku

15:00 – 15:15 Hours **TEA BREAK**

15:15 – 15:45 Hours Group Work Report Back

15:45 – 17:00 Hours **Presentation of Consolidated 2007 Budget Input**

Adoption

17:00 Closing

25/08/07 Depart

7.0 List of participants

#	Name	Position	Trade Union
1	Davis Chingoni	Deputy President	Zambia Congress of Trade Unions
2	Sylvester Tembo	Secretary General	Zambia Congress of Trade Unions
3	Agnes Mumba	Trustee	Zambia Congress of Trade Unions
4	Delphie Kabeta	Trustee	Zambia Congress of Trade Unions
5	Dorothy Mwewa Chishimba	Deputy Secretary	ZCTU Women Committee
6	Josephine Sakala	Secretary	ZCTU Women Committee
7	Andrew Banda	Deputy General Secretary	National Union of Transport and Allied Workers (NUTAW)
8	Abraham Sakanya	Deputy General Secretary	Copperbelt University Workers Union (CBUWU)
9	Whiteson Kalunga	Deputy General Secretary	Airways and Allied Workers Unions of Zambia (AAWUZA)
10	Francis Mwila	Deputy General Secretary	National Union of Building, Engineering and General Workers (NUBEGW)
11	Wellington Chellah	General Secretary	National Union of Communication Workers (NUCW)
12	Chanda Lwatula	Deputy General Secretary	National Union of Commercial and Industrial Workers (NUCIW)
13	Mulenga Mukuka	Deputy General Secretary	National Union of Plantation and Agricultural Workers ((NUPAW)
14	Bwebya Godfrey B	Deputy General Secretary	National Union of Technical Education Lecturers (NUTEL)
15	Jordan Mwanza	General Secretary	Basic Education Teachers Union of Zambia (BETUZ)
16	Gravel Musonda	Deputy General Secretary	Railway Workers Union of Zambia (RWUZ)

#	Name	Position	Trade Union
17	Stanslous Chewe	Deputy General Secretary	United House and Domestic Workers Union of Zambia (UHDWUZ)
18	Namushi Sinjawe	Deputy General Secretary	University of Zambia Allied Workers Union (UNZAAWU)
19	Simon Daka	Deputy General Secretary	Workers Union of TAZARA (WUTAZ)
20	Christabel Nyirongo	Deputy General Secretary	Zambia National Union of Health and Allied Workers (ZANUHAW)
21	Boniface Phiri	Deputy General Secretary	Zambia National Union of Teachers (ZNUT)
22	Lackson Bwalya	Deputy General Secretary	Zambia Graphical and Allied Workers Union (ZAGAWU)
23	Milton Ngoma	Deputy General Secretary	Zambia Union of Journalists (ZUJ)
24	Pembere Wadzanayi	Deputy General Secretary	Zambia Union of Security Officers and Allied Workers (ZUSOAW)
25	Gabriel Tembo	Deputy General Secretary	Zambia Bus and Taxi Workers Union (ZBTWU)
26	J C Mwaba	Deputy General Secretary	Zambia United Local Authorities Workers Union (ZULAWU)
27	Wezi Luhanga	President	Bankers Union of Zambia (BUZ)
28	Adon Sakala	Deputy General Secretary	Grain and Meat Workers Union of Zambia (GMWUZ)
29	Darison Chaala	General Secretary	Civil Servants and Allied Workers Union (CSAWUZ)
30	Patrick Lungu	General Secretary	Gemstone and Allied Workers Union of Zambia (GAWUZ)
31	John Mwansa	Deputy General Secretary	National Energy Sector and Allied Workers (NESAWU)
32	Davis Chikalanga	Deputy General Secretary	University of Zambia Lecturers and Researchers Union
33	A M Kacheba	Deputy General Secretary	Copperbelt University Academic Union (CUAU)

#	Name	Position	Trade Union
34	Mr. Austin Muneku	Director Research	Zambia Congress of Trade Unions
35	Mr. Luka Makinishi	Acting Director Education/Rapporteur	Zambia Congress of Trade Unions
36	Mr. Grayson Koyi	Director, Research	Civil Servants and Allied Workers Union of Zambia (CSAWUZ)