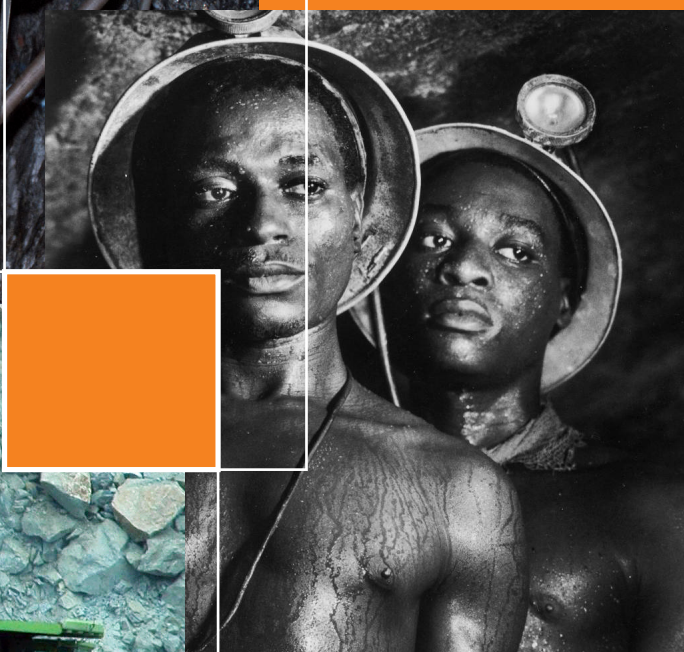




International
Labour
Organization



The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia

Chrispin Radoka Matenga

The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia

International Labour Organization
Lusaka, Zambia

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Matenga, Chrispin Radoka

The Impact of the Global Financial and Economic Crisis on Job Losses and Conditions of Work in the Mining Sector in Zambia / Chrispin Radoka Matenga; International Labour Office - Lusaka: ILO, 2010

1v.

978-92-2-123661-0 (Soft Cover)

978-92-2-123661-7 (.pdf version)

International Labour Office - Lusaka: ILO in Lusaka

Mining/Economic Recession/Employment/Unemployment/Working Conditions/Working Conditions/ Occupational Safety/ Occupational Health/Zambia

08.13

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our web site: www.ilo.org/publns

ACKNOWLEDGMENTS

In undertaking this study, I approached a number of individuals and organizations. I would like to express my thanks to management officials at Lumwana Mining Company (LMC), Konkola Copper Mine (KCM), Mopani Copper Mine (MCM) and Chambishi Metals who availed themselves for interviews. I am also indebted to various officials in Mineworkers Union of Zambia (MUZ) and National Union for Building and Engineering and General Workers (NUBEGW) who provided invaluable data. Further, officials from the Ministry of Labour and Social Security (MLSS) and the Ministry of Mines and Minerals Development provided necessary information that made this consultancy possible. I am greatly indebted to them all.

I would like to state, however, that all the above-mentioned organizations are exonerated from errors found in this report. I take full responsibility for any mistake contained herein.

ABBREVIATIONS

CNMC	China Non-ferrous Metals Company
DRC	Democratic Republic of Congo
FFTUZ	Federation of Free Trade Unions of Zambia
FQM	First Quantum Minerals
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HIV/AIDS	Human Immunal Virus/Acquired Immunal Deficiency Syndrome
ILO	International Labour Organization
IMF	International Monetary Fund
LCM	Luanshya Copper Mine
LMC	Lumwana Mining Company
MCM	Mopani Copper Mine
MLSS	Ministry of Labour and Social Security
MMMD	Ministry of Mines and Minerals Development
MUZ	Mineworkers Union of Zambia
NAC	National AIDS Council
NAPSA	National Pension Scheme Authority
NUBEGW	National Union for Building and Engineering and General Workers
NUMAW	National Union of Mine and Allied Workers of Zambia
NFCA	Non-ferrous Corporation Africa
OECD	Organization for Economic Cooperation and Development
TCLC	Tripartite Consultative Labour Council
ZCCM	Zambia Consolidated Copper Mines
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings
ZCTU	Zambia Congress of Trade Unions
Z-DWCP	Zambia – Decent Work Country Programme

DISCLAIMER

The contents of this report do not necessarily reflect the views of the International Labour Organization (ILO). The author alone is responsible for the contents of this report.

TABLE OF CONTENTS

FOREWORD	vii
EXECUTIVE SUMMARY	ix
1.0 INTRODUCTION AND BACKGROUND	1
1.1 Background	1
1.2 Aim of the study	
1.3 Methodology of the Study and Data Collection Tools and Sampling Procedure	2
1.4 Duration of the Study	2
1.5 Scope of the Study	2
1.6 Limitations of the Study	2
1.7 Country and Global Context	2
2.0 STUDY FINDINGS	3
2.1 Magnitude of Job Losses	2
2.2 Future Employment Trends	7
2.3 Changes in Conditions of Work	9
2.4 Occupational Health and Safety Standards	10
2.5 Social Security Mechanisms	13
2.6 HIV Support and Counseling	14
2.7 Role of Trade Unions	15
2.8 Role of Social Dialogue	16
2.9 Progress towards achieving Decent Work	17
2.10 Current Policy, Legal and Regulatory Environment on Labour & Employment	18
3.0 CONCLUSIONS AND RECOMMENDATIONS	21
3.1 Conclusions	21
3.2 Recommendations	22
REFERENCES	25
APPENDICES	27

FOREWORD

Since the last quarter of 2008 the world has experienced the impacts of the global financial crisis, which turned into an economic crisis, and very soon became an employment and job crisis. Some parts of the world are still reeling from the knock-on effects of these global crises. Few countries and few sectors were completely spared the impacts of the jobs crisis, and Zambia has been no exception. In 2009 the press was full of headlines on job losses here and there.

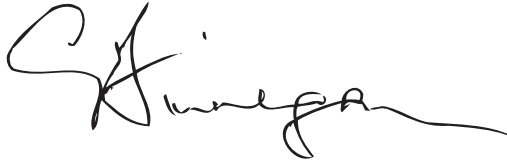
As the specialized United Nations agency responsible for employment and labour matters, the International Labour Organization (ILO) both globally and regionally was greatly concerned at the massive job losses and the consequent impact on people's lives and incomes. As well as trying to quantify the impact of the job losses so as to better inform governments, employers' and workers' organizations alike, the ILO tried to come up with sustainable and longer-term people-centred recommendations aimed at mitigation as well as an employment-centred path to recovery. In Zambia, the ILO's Lusaka Country Office had a three-pronged strategy to: (i) determine and quantify the extent of the losses in two hard-hit sectors of mining and tourism; (ii) make proposals for short- and longer-term solutions to the job crisis, and (iii) undertake quick impact responses on a pilot basis in Luanshya in the Copperbelt, through ILO's Luanshya Integrated Support Initiative on Employment (LISIE) project. In all this work, the ILO fully engaged its tripartite constituents, viz. Government (Ministry of Labour and Social Security), as well as the employers' organization, Zambia Federation of Employers, and the two trade union federations, Zambia Congress of Trade Unions and Federation of Free Trade Unions of Zambia.

In January 2010, the ILO and Zambia Federation of Employers brought the preliminary findings and draft recommendations from the two studies to a dissemination workshop in Lusaka, at which the Hon. Minister of Finance and National Planning was the Chief Guest. Subsequently, the ILO Lusaka Country Office has been finalizing the reports and recommendations for publication.

The ILO study on Job Losses in the Mining Sector has drawn on numerous official and unpublished sources in order to provide an overview of the impacts of the financial/economic crisis on jobs in the mining sector in Zambia, with a particular emphasis on copper mining. The Zambian economy, like any globally-linked economy, is dynamic and subject to many changes. Among these changes, the ILO notes that there has been some recovery of jobs in copper-mining, most significantly in Luanshya where ILO had its LISIE project – although there is no apparent direct link between these two developments! It is reassuring to note that increasingly the Zambian Government has been encouraging investors (such as in mining) to be good employers and to pay fair wages to Zambian workers.

Among the report's final set of recommendations, some aim at avoiding the hardships that befell Zambian workers, employed directly by the mining companies or those engaged through private employment brokers. Others propose strengthening existing machineries of labour inspection and promote compliance with Zambia's labour laws. Other recommendations target systematic and qualitative upgrading of jobs in the sector, such as by supporting workers to "train themselves out of casualization and vulnerability", and designating the mining sector as a "pilot Decent Work" sector, in line with the Zambia Decent Work Country Programme, the ILO's Recommendation on Social Justice for a Fair Globalization (2008), and the ILO's global Decent Work Agenda.

My special thanks go to the author of this study, Mr Chrispin Radoka Matenga, and to ILO colleagues and resource persons, Belinda Chanda-Programme Officer and Griffin Kafwimbi Nyirongo, for their support in bringing this study to a conclusion.

A handwritten signature in black ink, appearing to read 'Gerry Finnegan', with a stylized, cursive script.

Gerry Finnegan
DIRECTOR – ILO Lusaka Country Office for
Malawi, Mozambique & Zambia

2010

EXECUTIVE SUMMARY

INTRODUCTION AND BACKGROUND

Background

This study was commissioned by the International Labour Organization (ILO) on 15th June 2009. It is a result of concerns raised on the impact of the current global financial crisis on the job losses and its likely social consequences.

Aim of the study

The proposed study aims at quantifying, analysing and where possible determining job losses and deteriorating conditions of work, resulting from the impact of the global financial crisis on the mining sector, essentially copper mining in Zambia.

Methodology of the Study

The study employed a combination of secondary and primary data collection tools. The study used qualitative research methods consisting of: desk study of relevant literature and documents; key informant interviews with different categories of respondents, namely management officials in mining companies, officials in the Ministry of Labour and Social Security (MLSS), Ministry of Mines and Minerals Development (MMMD), trade unions, private employment agencies, and current and former employees in the mines.

Scope of the Study

The geographical scope of the study covered Lusaka, Copperbelt and North-Western Provinces as per Terms of Reference.

Limitations of the Study

The study was subject to the following limitations: (1) time constraints – twenty-five (25) working days proved a hindrance to the breadth of the study; (2) reluctance by some mining companies in availing themselves for interviews; and (3) differing statistical information from different data bases, especially on job losses.

STUDY FINDINGS

Magnitude of Job Losses

Mining companies reacted differently to the effects of the current global economic crisis. Some companies decided to close operations by placing mining entities under “care and maintenance”, while others continued with their operations but only downsized the workforce. Yet others never closed or effected any job cuts. In terms of job losses, a total of 19,239 workers accounting for 30.4% of the total labour force in the mining industry by June 2008 lost their jobs arising, either directly or indirectly, from the global economic crisis. Although data obtained for job losses was not disaggregated according to sex, it was revealed that most of the people who lost jobs were male as most employees laid off were from the development section of mining that predominantly involved males. An insignificant number of females work are engaged in development work in the mining sector.

Future Employment Trends

Employment prospects in the mining sector in Zambia will be dictated by, inter alia: the pace of global economic recovery; the price of the minerals, especially the major export metal – copper; investment trends in the sector; Government policy towards the sector; and industry-wide strategies adopted. Against the backdrop of continuing rise in the price of copper globally, the country has begun some recovery of jobs in the

sector. At least 4,488 jobs accounting for 7.0% of the total labour force in the sector as at 30 June 2009 have been created during this time period (i.e. the period covered by the research, up to August 2009). Some multinational and foreign mining companies have taken over closed mines and re-hired workers, while others that had put their mines on “care and maintenance” have, since June 2009, taken steps to reopen.

Changes in Conditions of Work

The global financial crisis has negatively affected certain conditions of work in the mining sector. The most characteristic has been the termination of employment contracts by mining companies and contractor companies, thus making mining jobs the most insecure employment. Further, workers at the mining companies have had to forego salary increments during the period of the crisis. Threats of job losses have led workers to concede hard-won wage increases and benefits in order to save jobs and incomes. This scenario obtaining in the mining industry underscores the fact that freely negotiated collective agreements are less likely to be undertaken and implemented as a result of the crisis.

Occupational Health and Safety Standards

Safety standards in the mines are reported to have deteriorated progressively as both fatal and reportable accidents have been on the rise in the sector, according to interviews with officials from MMD and trade unions. The increase in the mine accidents has been attributed to, inter alia: employment by the mining companies of largely casual labour that is unqualified; working long shifts; operating with fewer workers for specific jobs; and employing cheaper but unsafe mining methods. Other measures have included the use of cheaper products used for safety purposes during mining activities, and more extensive recycling of old equipment. It has been reported that the Mine Safety Department in charge of enforcing safety standards has remained grossly under-funded, resulting in inadequate staffing and shortages of transport and fuel to carry out inspections, thus limiting the Department’s ability to perform its statutory functions satisfactorily.

Adequacy of Social Security Mechanism

The mining companies have placed workers on a privately-operated money purchase pension scheme, known as Saturna Regna, managed by an off-shore private company. Workers’ representatives have bemoaned that this private pension scheme seems unsustainable and they believe that it is likely to collapse, thus giving rise to fears that workers sent on redundancy are likely to lose out. (Whether this is a reality or a perception, it is obviously an important issue that the mines’ management needs to address and clarify.) While companies have been paying the redundancy packages for the affected workers, there has been disenchantment that the redundancy packages are too inadequate for most of the workers. As regards, other components of social security, such as medical/health insurance, disability and death benefits for workers, workers are covered under different arrangements, such as collective agreements and the Workers’ Compensation Fund.

HIV and AIDS Support and Counseling

The major mining companies in the industry have been hailed for having adopted very comprehensive policies and programmes on HIV and AIDS. However, there are still a few mining companies that lagged behind with no HIV and AIDS policy or programme in place for their workers and communities. The major mining companies have specialized departments or units dedicated to dealing with this social, workplace and health-related issue. The programmes have revolved around: awareness-raising

about the disease and its dynamics; prevention campaigns; voluntary counselling and testing (VCT); provision of treatment and ARVs, and non-discrimination at work for those who are HIV positive. These programmes are undertaken with the participation of local non-governmental organizations (NGOs) and some multilateral and bilateral funding agencies. The HIV and AIDS programmes have not been affected by the global economic crisis. Support to workers, their dependants and the wider mining communities where the companies operate have continued as before.

Role of Trade Unions

During the current global financial crisis, the trade unions in the mining sector have made concerted efforts by engaging Government through the Ministry of Labour and Social Security and the Ministry of Mines and Minerals Development in order to protect jobs and the existing conditions of service of their members from getting wiped out as a result of the global economic crunch. The unions have also engaged directly with mines' management to propose cost-saving measures. However, in order to save jobs the unions have been obliged to concede and agree to inferior conditions of work until the economy and the prospects for the mining sector in particular, have improved.

Role of Social Dialogue

During this period of global economic crisis and the resultant job losses in the mining sector in Zambia, all parties have engaged in various forms of dialogue to mitigate further job losses and closure of mines. Social dialogue has included: collective bargaining; engagement in the Tripartite Consultative Labour Council (TCLC) through the mother body, Zambia Congress of Trade Unions (ZCTU); participation in the "national indaba" on the global financial crisis; involvement in the Peer Review Mechanism; and active engagement with various other consultative meetings. However, in spite of the various processes of social dialogue, some mining companies went ahead and closed operations or laid off workers in large numbers. Therefore, to date existing social dialogue mechanisms have been shown to be inadequate in terms of forestalling job losses in the mining sector.

Progress towards achieving Decent Work

It has generally been agreed by all stakeholders that there has been no discrimination in the mining sector based on disability, gender, or HIV or AIDS status. Women's rights, including paid maternity leave, have been enshrined in the collective agreements and therefore their interests addressed. However, there are several existing deficits and inadequacies in the decent work mechanisms obtaining in the mining industry. A significant proportion of employees in the sector are hired on inferior terms and conditions, such as on meagre and inadequate salaries and no adequate provision for pensions. Therefore, although the current global economic crisis is not the principal or exclusive contributor to the current deficits and inadequacies in the key components of the Decent Work Agenda, the crisis has accentuated these existing deficits. An interesting finding from the research is that few stakeholders really understood the concepts of the ILO's global "Decent Work Agenda", or indeed of the Zambia Decent Work Country Programme (Z-DWCP).

Current Policy, Legal and Regulatory Environment on Labour & Employment

Matters pertaining to termination of employment and protection of working conditions are provided for in the Employment Act, Cap 268 of the Laws of Zambia, while those pertaining to protection of rights at work are provided for in the Industrial and Labour Relations Act, Cap 269 of the Laws of Zambia. Parts IV and V of the Employment Act deal with matters pertaining to contracts of service, wherein provisions for redundancies

are provided for. Part IV deals with oral contracts, while Part V is concerned with written contracts. Most companies effecting termination of employment due to the effects of the global economic crisis have been using the redundancy clauses in the Employment Act.

Part IV, Section 26B (1) of the Employment Act deals with matters of redundancies and gives considerable freedom and flexibility to companies to terminate employment by reason of redundancy when the termination is wholly or in part due to either the employer ceasing or intending to cease carrying on the business by virtue of which the employee was engaged, or the business ceasing or reducing the requirement for its employees to carry out work of a particular kind in the place where the employee was engaged and the business remains a viable going concern. These provisions are unrestrictive, and any employer may use the clause to either close business or reduce the workforce at the slightest sign of economic difficulty. These provisions are, therefore, a source of job insecurity. The Act requires that an employer who decides to terminate a contract of employment for reasons of redundancy should provide notice of not less than thirty days to the representative of the employee. This requirement has not been followed, as in most cases workers are simply told a few days before termination of employment takes place. The current policy and legal environment, therefore, has not contributed to creating a context within which decent and quality jobs can be promoted and sustained under conditions that ensure adequate income and fundamental protection of workers basic rights.

CONCLUSIONS

This study set out to quantify, analyse and where possible determine job losses and deteriorating conditions of work, resulting from the impact of the global financial crisis in the mining sector in Zambia. The study has found that a significant number of jobs have been lost in the mining sector on account of falling copper and other mineral prices on the international market, as well as the high production costs that affected the profitability and the viability of some of the mining entities.

The study has established some serious deficits in relation to the key components of the ILO's global Decent Work Agenda, and illustrates that the current global economic crisis is likely to exacerbate the situation. For instance, mining companies have continued to employ labour on a casual or short fixed-term basis. Workers in this category do not benefit from any pension entitlement, a critical and in most cases the only means of income for wage employees after retirement. Further, the subscription by mining companies to a private pension fund on behalf of their employees is perceived as risky, as private pension schemes have been equally affected by the global economic crisis. Further, based on interviews with key informants, the occupational health and safety standards have been found to be wanting, as there has been a reported and perceived increase in reportable and fatal accidents.

The study has established that initially the Zambian Government could have taken steps to respond more promptly and definitively to stem job losses in the mining sector arising from the global economic crisis. Undoubtedly, in the last quarter of 2009 considerable attention and effort has been given by the Government at the highest levels to promote recovery and growth in the mining sector, and it is also welcoming to note that particular attention has been given by Government to exhort mine-owners and incoming investors to comply with Zambia's labour laws and to provide decent wages.

In the face of all the lay-offs, the trade union movement has had difficulty in developing a fully effective and coordinated strategy to prevent job losses and the deterioration of working conditions for workers in the mines. The trade unions in the mining sector and their parent federations still suffer from a lack of research and development capacity to be able to assess and analyze the job losses and their consequent impacts on the mining communities, given the global financial and employment crisis of this scale. Though social dialogue has been taking place both at national and firm levels, the dialogue has not been sufficiently strong, as can be seen from the scale of job losses that occurred within a short space of time, and from the lack of prompt and effective responses by the tripartite body (TCLC) and its members, being the Government (MLSS), employers (ZFE) and the trade unions (ZCTU and FFTUZ), to be able anticipate and respond to the full effects of the global economic crisis.

RECOMMENDATIONS

The study has made the following recommendations:

1. Government and the social partners (workers' and employers' organizations) should work together and develop a robust framework for the country's response to the global financial, economic and jobs crisis, and take full account of the outcomes of the national economic forum – the *national indaba*. Key stakeholders in the mining sector (i.e. labour, mining companies and contractors) should develop a specific stimulus package for the sector, to be deliberated on at the level of the Tripartite Consultative Labour Council (TCLC). This framework should be translated into an effective tool to fight as well as recover jobs lost in the sector, and cushion the poor and vulnerable from the effects of the crisis. The mining sector should be designated as a national pilot “Decent Work” sector, wherein all issues take full account of Rights at Work, Enterprise Development and Employment Creation, Social Protection and Occupational Health and Safety, and Social Dialogue.¹ Such a package could be based on a national application of the Global Jobs Pact, as adopted by the International Labour Conference in June 2009.
2. Mining companies and trade unions should explore all of the alternatives to redundancies, such as retraining and skills upgrading, elimination of wasteful expenditure, and control of excessive perks and salaries. The ILO's “Assistance” hotline (assistance@ilo.org) can provide guidance on socially responsible restructuring.
3. Based on the lessons drawn from the ILO's initiative in Luanshya, which was in direct responses to requests from the Mineworkers' Union (MUZ), the Luanshya Integrated Support Initiative on Employment (LISIE) was developed. This involved extensive partnering by the ILO with the local unions, local employers, Provincial Government Departments and line ministries, national development agencies such as CEEC and ZDA, skills training centres, and NGOs and social actors. Through the LISIE, support was offered to laid-off mine-workers and their families to: (i) learn skills in entrepreneurship and business development; (ii) upgrade their technical skills; (iii) gain access to financial supports; (iv) create awareness on HIV and AIDS; and (v) support families to ensure that their children did not fall into child labour. This initiative needs additional funding from Government and the donor

¹ These are the four pillars of the ILO's global Decent Work Agenda.

community to enable it to be upscaled within Luanshya and be replicated in other badly affected Copperbelt towns and in other locations.

4. More mining companies should be contributing through NAPSA, a public pension fund, for their employees to have security of retirement income.
5. Government should arrange for some form of social security coverage for casual employees and fixed short-term contract workers in the mining sector.
6. Government should seriously regulate contract work, subcontracting and outsourcing, and prohibit abusive practices by contractors.
7. Government should review the Employment Act to provide for the protection of jobs at times of economic crises.
8. The capacities of Ministry of Labour and Social Security (MLSS) and Ministry of Mines and Minerals Development (MMMD) need to be strengthened in labour administration and labour inspection, and occupational health and safety enforcement to ensure compliance with Zambian laws and protect workers. This should be done through improved staffing, motivation and incentives, training, and equipping the departments with vehicles and other necessary tools of operations.
9. Trade unions in the mining sector should develop capacity to play a watchdog role to create awareness, promote compliance, expose abuses, and demand for safer working environments.
10. Strong social dialogue should be developed as a key mechanism for designing economic and labour policies to fit national priorities, and the commitment of employers and workers should be built for joint action with Government so as to overcome the economic crisis and achieve sustainable recovery. The TCLC should be upgraded to provide an effective forum for these tripartite efforts so that systematic attention be devoted to the application of collective bargaining; enhanced productivity and competitiveness; adoption of safer and healthier working conditions; negotiated forms of gain-sharing between workers and management, and forms of socially responsible restructuring, with a view to designating the mining sector as a “Decent Work” sector.
11. Efforts to raise awareness on the global Decent Work Agenda and the Zambia Decent Work Country Programme (Z-DWCP) should be upscaled, particularly among the tripartite constituents.
12. Government concessions to the mining companies should be conditional on the companies demonstrating labour law compliance, undertaking collective bargaining, and engaging in social dialogue. The companies receiving concessions should be obliged to:
 - a) make strident efforts to save jobs and take measures to avoid redundancies;
 - b) develop rescue packages in partnership with trade unions; and
 - c) have a record of full compliance with the Zambian labour laws and health and safety regulations.

1. INTRODUCTION AND BACKGROUND

1.1 BACKGROUND

This study was commissioned by the International Labour Organization (ILO) Lusaka Office on 15th June 2009. It is a result of the concerns raised by the ILO over the negative impact of the current global financial crisis on the world economy and the resulting massive job losses. Then ILO has been concerned that, not only has the financial system threatened the economic fundamentals in developed countries, but it has affected people's livelihoods across the globe.

In Zambia, the crisis mainly emanated from decreased demand of Zambia's main commodity export, copper, as a result of the slowdown in economic activities in the major economies. The reduced demand for copper led to a sharp fall in global copper prices during 2008-2009. From a high price of US\$8,985 per tonne, in July 2008, the price fell to below US\$3,000 by the end of 2008. Copper exports account for about 70 percent of Zambia's total exports, and they have played a pivotal role in the resurgence of the economy, whose growth in the last seven years has averaged close to 6 percent. The crisis has resulted in job losses predominantly in the mines, where it is estimated that more than 10,000 jobs have been lost within the formal sector mining companies. The loss of jobs in the formal economy will most likely force retrenched workers to seek alternative employment in informal activities, and lead to a further growth in the already burgeoning informal economy.

The social impact of the job losses will likely lead to an increase in anti-social, illegal and counter-productive activities such as increased crime, illegal mining, child labour, and increased exposure to the dangers of HIV and AIDS. It is further predicted that the attainment of the MDG number one of halving poverty, and Target 1(b) in particular on Employment and Decent Work, will not be met as more people are likely to fall into the poverty trap.

1.2 AIMS OF THE STUDY

The study aims at quantifying, analysing and where possible determining job losses and deteriorating conditions of work, resulting from the impact of the global financial crisis in the mining sector in Zambia. The study sought to address the following specific tasks:

- i. To establish the number of workers laid off in the mining sector as result of the global financial crisis and determine future employment trends.
- ii. To identify any deterioration in occupational health and safety standards.
- iii. To identify any changes in the conditions of work.
- iv. To assess workers' access to HIV support and counseling before and after the crisis.
- v. To identify progress made at the work places towards achieving decent work for workers, and assess if there has been any impact on the progress as a result of the crisis.
- vi. To assess the adequacy of the social security mechanisms in place.
- vii. To assess the role of worker constituents (trade unions) in protecting jobs and conditions of service.
- viii. To assess the role, contribution and potential of social dialogue in mitigating the impact of the global jobs crisis in the mining sector, and on individual mining enterprises (e.g. collective bargaining).
- ix. To assess whether the current policy, legal and regulatory environment is

conducive for protecting jobs and condition of work during this period of global financial crisis.

- x. To propose mechanism(s) and policies aimed at creating more supportive environment within which the tripartite constituents play an effective role in minimizing job losses and deteriorating conditions of work.

1.3 METHODOLOGY OF THE STUDY, DATA COLLECTION TOOLS AND SAMPLING PROCEDURE

The study employed a combination of secondary and primary data collection tools:

- i. Desk study of relevant literature and documents;
- ii. Semi-structured interviews with different categories of respondents, namely management officials in mining companies, and key informants from relevant stakeholders – Ministry of Labour and Social Security (MLSS), Ministry of Mines and Minerals Development (MMMD), trade unions and private employment agencies;
- iii. Information from mine workers was solicited using focus group discussions.

The study relied on purposive sampling technique for the institutions and individual respondents from the different categories of stakeholders.

1.4 DURATION OF THE STUDY

The effective working days for the study were 25 days. The study commenced on 15th June 2009 and a draft report submitted on 22nd July 2009.

1.5 SCOPE OF THE STUDY

The geographical scope of the study covered Copperbelt and NorthWestern Provinces as per Terms of Reference. Copperbelt and NorthWestern Provinces are the regions where most large-scale mining activities are taking place in Zambia.

1.6 LIMITATIONS OF THE STUDY

The findings presented in this report are subject to a number of limitations. These include the time constraint, as twenty-five (25) working days proved a hindrance to the breadth of the study; reluctance by some mining companies in availing themselves for interviews, and differing, inconsistent and incomplete statistical information from a range of data bases, especially on job losses.

1.7 GLOBAL AND COUNTRY CONTEXT

The current global recession has its roots in the global financial crisis that resulted from speculative practices in the financial markets in the United States of America and other developed countries. The impact of the recession, however, has been felt by developing countries. Recent projections indicated that developing countries will lose incomes in the region of US\$750 billion due to the crisis (ODI, 2009).

One of the major consequences of the global recession has been loss of jobs and deteriorating working conditions for those still holding on to jobs in the affected sectors, both in the developed and developing countries. The International Labour Organization (ILO) in its report entitled *Tackling the Global Jobs Crisis* (ILO, 2009),

estimates that more than 50 million jobs will likely be lost globally by the end of 2009 due to the economic crisis. Forecasts by the International Monetary Fund (IMF), World Bank, and the Organization for Economic Cooperation and Development (OECD) indicate that global job losses will continue to rise, probably until 2011 (ibid). At the same time, it is estimated that 45 million new job seekers enter the global labour market annually, thereby necessitating the creation of 300 million new jobs between 2009 and 2015. Realising the scale of the global employment crisis resulting from the global economic crisis, the ILO organized a three-day high-level Global Jobs Crisis Summit, held in Geneva from 13th to 15th June 2009. The aim of the Summit was to find a common ground to combat the global economic crisis and its effects on employment. The summit, attended by world leaders and representatives from employers' and workers' organizations, hammered out a "Global Jobs Pact" framed in the context of the Decent Work campaign whose objective is to place employment and labour markets – with social protection and respect for workers' rights – at the heart of all stimulus packages and national policies to combat the crisis (ibid).

Developing countries have been the worst-affected by job losses, particularly in the formal, mostly export-oriented, industries (ILO, 2009). The World Bank estimates that about 40 percent of developing countries are highly exposed to the poverty effects of the global economic crisis (ODI, 2009). Zambia is found among the highly exposed category, and is considered to be highly vulnerable to the effects of the global financial crisis. Zambia's economy is very open and is largely dependent on the export of a single commodity, copper, for its foreign exchange earnings (ibid). In Zambia, mining, tourism, manufacturing and construction sectors have thus far been adversely affected. However, the mining industry has been the loci of hardship in the real economy in Zambia, generating massive job losses.

Historically, copper mining has been the lifeline and remains the mainstay of the country's economy. Zambia is Africa's largest and the world's seventh largest copper producer, and is the world's largest producer of cobalt as well. At the peak of production in the late 1960s and early 1970s, the country produced about 750,000 metric tonnes (mt) of finished copper annually, and copper mining accounted for more than 80 percent of the country's foreign exchange earnings, over 50 percent of Government revenue, and 20 percent of total formal sector employment (Simutanyi, 2008). Output dropped to less than 300,000 metric tonnes between the 1980s and 1990s (GRZ/MoFNP, 2006). Current production levels are somewhere between 400,000 and 600,000 metric tonnes annually. Zambia's mines have been major employers in recent years when the copper price went up, thus encouraging expansion of the mining industry, and contributing about 40,000 jobs to total formal employment. Since 2003, copper mining has been the main driver of an annual economic growth rate of between five and six percent. The global recession has had an immediate and systemic impact on local economies dependent on the commodity, as a result of reduced demand. Since the last quarter of 2008, the mines have been scaling down operations with some mines closing, and in the process pushing thousands of workers into the ranks of the unemployed and into extreme poverty.

The current global economic crisis has given rise the third episode of massive job losses in the mining history of the country. During the early 1970s the mining sector employed more than 50,000 people, when copper production had reached record highs of more than 700,000mt annually. In 1978 employment in the sector had reached a record 66,000. However, between 1980s and 1990s, the mining industry declined with copper production taking a steady drop, reaching less than 300,000 tonnes in

2000 (GRZ/MoFND 2006; Simutanyi, 2008). This decline in output, attributed to, inter alia, low copper prices, lack of reinvestments into new and existing mines, and an unsupportive policy and poor management practices under Zambia Consolidated Copper Mines (ZCCM), also resulted in a restructuring programme by Government that saw employment dropping to 31,000² by 1997. Privatisation of the mines took place between 1997 and 2003, and during this time employment further dropped to less than 20,000³ (Fraser and Lungu, 2007). However, with the major reinvestments undertaken by the private mining companies and also the resurgence of copper prices since 2003, employment levels started rising to reach around 40,000 (GRZ/MoFNP, 2006; GRZ/MLSS, 2004). By the time copper prices had reached a record price of close to \$9,000 per tonne in mid-2008, the mining industry employed a high of 63,151 people (Table 1).

Table 1: Total number of employees in the major large-scale mining companies

Type of Mine Employee	No. of Employees as at June 2008	% of total employment in the sector
Directly employed by the Mine companies	32,636	51.7
Employed by the Contractor companies	30,515	48.3
TOTAL	63,151	100

Source: Compiled from data from Mine Safety Department, Kitwe, June 2009

² First episode of massive job losses.

³ Second episode of massive job losses.

2. STUDY FINDINGS

2.1 MAGNITUDE OF JOB LOSSES

Due to different sources of statistics, the definitive total number of job losses in the mining sector resulting from the global financial crisis is difficult to arrive at. Tallies from different sources, in this case, the mining companies themselves, the Ministry of Mines and Minerals Development (MMMD) headquarters, the Mine Safety Department of the MMMD, the Ministry of Labour and Social Security (MLSS) headquarters and the District Labour Offices had different figures, but not totally contradictory. This report has taken due care in collating the figures from the different sources so as to arrive at what can be considered a “true picture” of the problem.

Most mines in Zambia are still located in the Copperbelt Province. Others are scattered around other provinces, and the most noticeable large-scale mines elsewhere are in the Northwestern and Southern and Central Provinces. Major large-scale mines in the Copperbelt Province include, Konkola Copper Mines (KCM)'s Konkola mine in Chililabombwe; Nchanga Mine and Nchanga Copper Smelter in Chingola, and the closed Nkana Smelter owned by Vedanta Resources Plc. Other mines in the Province are Mopani Copper Mines' (MCM) Nkana and Mufulira mines, owned by Glencore International (90%) and Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH) (10%); Luanshya Copper Mines's (LCM) Baluba mine, formally owned by Enya Holdings BV and now owned by Non-Ferrous Chinese Africa (NFCA); Chambishi Metals, owned by Enya Holdings BV; Chambishi mine and Chambishi Copper Smelter, owned by Non-Ferrous Chinese Africa (NFCA); Sino Metals Leach Zambia Limited, owned by China Nonferrous Metals Mining Co. Ltd (CNMC), Sino-Africa Mining Investments Ltd and China Hainan Construction Co. Ltd; Chibuluma South Mine, owned by Metorex Ltd (65%) and Industrial Development Corp. of South Africa Ltd (35%); and the Bwana Mkubwa acid plant owned by First Quantum Minerals (FQM). Other large scale mining companies producing largely precious and semi-precious stones that are found in Copperbelt Province are the Kagem Mining and Grizzly Mining.

In Northwestern Province, there is the Lumwana Mining Company's (LMC) Lumwana mine, owned by Equinox Minerals Ltd., and the Kansanshi mine owned by First Quantum Minerals (FQM) (79.4%) and ZCCM-IH (20.6%); while in Central Province there is KCM's Nampundwe Pyrite mine. In Southern Province there are largely coal producing mines namely, Maamba Collieries (owned 100% by the Zambian Government) and Collum Coal Mine, owned by Collum Coal Mining Industries Ltd.

Mining companies responded in different ways to the effects of the global economic crisis. Whereas some companies decided to close mining entities completely, and place others under care and maintenance, others companies continued with their operations but only down-sized the workforce. However, some mines never closed nor effected any job cuts. Those that shut down operations completely and/or placed their entities on care and maintenance include: Luanshya Copper Mines, Chambishi Metals, Albidon Munali Nickel Mine, and Bwana Mkubwa Mine. The mining companies that continued with their operations but down-sized the workforce include: Konkola Copper Mine (KCM), Mopani Copper Mine (MCM) and Kansanshi Mine. The only large-scale copper mining company that did not effect any labour downsizing is the Chinese-owned NFCA Chambishi Mine.

The job losses in the sector started to be felt in November, 2008 and only eased sometime in May 2009. In terms of job losses, a total of 7,324 workers directly

employed by mining companies (accounting for 11.6% of total labour force in mining sector) have been lost (Table 2). Similarly, Table 2 shows that a total of 11,915 workers employed by mine contractor companies, accounting for 18.8% of the total labour force in the mining sector, have also lost their jobs. Added together, therefore (and excluding the jobs gained), a total of 19,239 workers, accounting for 30.4% of the total labour force in the mining industry between June 2008 and June 2009, had lost their jobs arising from the global economic crisis – save for those few who were retrenched from Bwana Mukubwa Mine on account of the mine closing due the ban imposed on the importation of copper ores from Lonshi Open Pit Mine in Katanga Province in DRC.

Table 2: Number of Job losses in the mining companies and contractor companies

Type of Mine Employee	No. of Employees as at June 2008	No. of Employees as at April/May 2009	Total No. of Job losses	% of total jobs in the mining industry
Directly employed by the mine companies	32,636	26,695	7,324 ¹	11.6
Employed by the contractor companies	30,515	18,600	11,915	18.8
TOTAL	63,151	45,295	19,239	30.4

Source: Compiled from data from Mine Safety Department, Kitwe, June 2009

Although data obtained for job losses was not disaggregated according to sex, it was revealed that most of the people who lost their jobs were male, as most employees laid off were from the development section of mining that predominantly engaged males. A very insignificant number of females work on the development side if the mining sector.

Tables 3 and 4 below show the detailed job losses and gains in the individual mining companies. Luanshya Copper Mine's Baluba shaft was placed under *care and maintenance* in December 2008 when the owner, Enya Holdings BV, pulled out citing operational difficulties resulting from the falling copper prices. As a result, 1,776 jobs were lost. Chambeshi Metals, also owned by Enya Holdings BV, again placed the cobalt processing plant on *care and maintenance*, and offloaded 790 employees directly employed by the company during the same time period. Albidon Munali Nickel Mine, owned by Albidon Zambia Limited, in Mazabuka, Southern Province, also placed the new nickel producing plant under *care and maintenance* in December 2008 and offloaded 211 employees, citing the sharp drop by more than 50 percent in nickel prices on the international market. Bwana Mkubwa Mine, located in Ndola, and owned by FQM was also placed on *care and maintenance* in October 2008, due to ban imposed on the importation of copper ores from Lonshi Open Pit Mine in Katanga Province in DRC by the Governor of that Province in September 2008. This resulted in the loss of 406 jobs.

Konkola Copper Mines (KCM), operated by Vedanta Mineral Resources, has the biggest copper mining operations and produces more than 50 percent of total copper output of the country. The company operates the Konkola Division in Chililabombwe,

Nchanga Division and Nchanga Smelter in Chingola, and the Nampundwe pyrite mine in Nampundwe. The company closed its Nkana smelter due to unsuitable technology, and in November 2008 commissioned the Nchanga Smelter in Chingola. The company placed a total of 1,762 workers directly employed by the firm on redundancy between February and May 2009. Out of that number, 700 were laid off as a result of the closure of the Nkana Smelter, with the rest pruned from the various integrated business units. The company had also contemplated placing the Nampundwe mine on *care and maintenance* by June 2009. KCM cited high unit costs of production and the sharp fall in the price of copper on the international market, prompting the company to restructure its operations and in the process, down-size its labour force.

Before the global economic crisis, KCM utilised a significant proportion of labour employed by the contractor companies. In fact, contractor labour outnumbered directly employed labour by the company before the down-sizing of its labour and operations were effected (compare Tables 3 and 4). The contractor companies ceased undertaking some operations at the mining firm due to reduced scope or cancelled contracts by KCM, thereby necessitating the downsizing of a large number of contractor labour.

Mopani Copper Mines (MCM) is the second largest mining company in the country. It is a joint venture company comprising Glencore International, holding more than 70 percent shares, First Quantum Minerals and the Zambian Government through ZCCM. The company operates two shafts, the Mufurila Mine, and Nkana Mine, and produces and refines copper and cobalt.

MCM carried out a two-phased redundancy exercise in the first and second quarter of 2009 that resulted in the loss of 1,150 jobs. In December 2008 the company management issued a report to the company's Board of Directors, recommending the closure of Mufurila shaft and placing the Nkana shaft on *care and maintenance*. The company cited increasing operational costs due to the collapsing copper prices on the international market. The report stipulated the factors leading to high unit costs of doing business in Zambia as: high freight costs (using road instead of rail); high cost and unreliable supply of electricity; high fuel costs; poor operator and maintenance skills, due to lack of vocational educational facilities in the country; high inflation; and poor manufacturing infrastructure. However, owing to the rebounding copper prices since March 2009, and the cost reduction measures the company had initiated, MCM rescinded the option of closing its operations in the country.

As is the case with KCM, MCM utilised a significant proportion of labour employed by contractor companies before the global economic crisis. Contractor labour outnumbered directly employed labour by the company before down-sizing of its labour force and operations were effected (see Tables 3 and 4). The contractor companies ceased most operations at the mining firm due to reduced scope or cancelled contracts by MCM, placing more than half of labour on redundancy.

Kansanshi Mines, located in Solwezi, North-Western Province, is owned by First Quantum Minerals (FQM). The Kansanshi project has two units: an open pit copper mine and a processing plant. The mine effected 176 redundancies for employees directly employed by the mining company in December 2008 on account of falling copper prices and high operational costs, although professionals in the industry indicate that the mine actually incurs lower production costs.

Table 3: Labour Employed Directly by Mining Companies before and during the Global Financial Crisis

Company/mine name	No. of employees as at June 2008	No. of employees as at April/June 2009	Job losses	Job gains
Konkola Copper Mines	11, 976	10, 214	1, 762	-
Mopani Copper Mines	9, 884	8, 734	1, 150	-
Luanshya Copper Mines	1, 776	-	1, 776	-
LMC	-	1, 000	-	1,000
FQM Bwana Mkubwa Mine	527	121	406	-
FQM Kansanshi Mine	1, 225	1, 381	-	156
Chambishi Metals	790	-	790	-
Chambishi Copper Smelter	1, 312	258	1, 054	-
NFCA Chambishi Mine	2, 643	2, 723	-	80
Albidon Zambia Limited	211	-	211	-
Chibuluma South Mine	571	545	26	-
Sino Metals	325	296	29	-
Maamba Collieries	560	707	-	147
Grizzly Mine	245	188	57	-
Kagem Mine	591	528	63	-
TOTAL	32,636	26, 695	7,324	1,383

Source: Mine Safety Department, June 2009; KCM management, June 2009; LMC management, June 2009.

Table 4: Labour Employed by mine contractor companies before and during the Global Financial Crisis

Company/mine name	No. of contract employees as at June 2008	No. of contract employees as at April/May 2009	Job losses	Job gains
KCM	12, 700	8, 175	4, 525	-
MCM	10, 659	4, 396	6, 263	-
LCM	1, 757	-	1, 757	-
LMC	-	3, 000	-	3,000
FQM Bwana Mkubwa Acid Plant	54	26	28	-
FQM Kansanshi Mine	2, 303	1, 895	408	-
Chambishi Metals	959	-	959	-
Chambishi Copper Smelter	765	870	-	105
Albidon Zambia Limited	816	-	816	-
Chibuluma South Mine	315	181	134	-
Maamba Collieries	187	57	130	-
TOTAL	30, 515	18, 600	11,915	3,105

Source: Mine Safety Department, Kitwe, June 2009; LMC management, June 2009

2.2 FUTURE EMPLOYMENT TRENDS

While 7,324 jobs (Table 2) directly employed by the mines were lost since the advent of the global financial crisis, a total of 1,383 jobs (Table 3) directly employed by mining companies have since been recovered, largely on account of Lumwana Mining Company (LMC) commencing production in December 2008, accompanied by some small increases in the labour force by FQM Kansanshi Mine, Maamba Collieries, and NFCA Chambishi Mine.

Similarly, 11,9155 jobs employed by contractor companies were lost since the crisis, while 3,105 (see Table 4) have since been recovered, again on account of LMC and a small increase from Chambishi Copper Smelter. The total number of jobs gained during this time period, therefore, is 4,488, accounting for 7.0 percent of the total labour force in the sector as at June 2009.

As an update to the findings of this research report, by the end of 2009, more than 2,000 jobs have been regained in the Luanshya Copper Mine (LCM)⁴, now operating as CLM, and officially opened by the Zambian President on 22 December 2009. In addition, it has been announced that Munali Nickel Mine is due to re-open in January 2010, and 94 people have already been engaged in that operation.⁵ There are reports that Chambeshi Metals⁶ will also recommence processing, once CLM (LCM) has restarted output, and it is expected that 300 workers will resume working.⁷

Employment prospects in the mining sector in Zambia will depend on a combination of factors. These include, inter alia, the pace of global economic recovery; the prices of the minerals, especially the major export metal, copper; investment trends in the sector; Government policy towards the sector; and industry-wide strategies adopted. The jobs crisis was brought about by the global financial crisis that resulted into a generalised global economic recession. The IMF forecasts that the current global recession will be long and deep, accompanied with a slow recovery (ILO, 2009). Therefore, the pace of global economic recovery will be instrumental in dictating the pace of recovery of employment. However, based on past experiences of regional crises, the ILO observes that recovery of employment to pre-crisis levels may take at least four-to-five years (ibid).

The price of copper had reached an historical high of close to US\$ 9,000 per tonne around mid-2008. However, due to the impact of the financial crisis, the price plummeted to below US\$ 3,000 per tonne January 2009. Contrary to forecasts that the price of copper would continue a downward trend for rest of 2009, the metal price has experienced an upward trend since end of March 2009, rising up to first week of July 2009⁸ by a magnitude of 28 percent to US\$ 5,170⁹. The rise in copper prices has allegedly been boosted by a weakening US dollar, as well as increased

4 Mr Gao, LCM/CLM Deputy Chief Executive was quoted as indicating 2,250 jobs. (The Times of Zambia, 16 December 2009).

5 Munali Mine opens January, The Post, 23 December 2009.

6 It has also been reported that Chambeshi Copper Smelter "had employed more than 1,200 Zambians" (Minister of Labour, Hon. Austin Liato, in Times of Zambia, 21 December 2009).

7 Chambeshi Metals to resume operations, The Post, 06 November 2009.

8 Times of Zambia, Friday July 10, 2009, 'Copper prices continue upward rally'

9 It should be noted that by end of December 2009, the price has increased to around US\$8,000 per mt.

automobile sales in China, the largest user of the metal¹⁰. This trend is likely to boost mining activities in Zambia again, as some companies that had suspended further investments in their projects are likely to commence those projects, and those that had closed are likely to reopen.¹¹

The Government under pressure from these mining houses in January 2009 abolished the controversial *windfall tax* that it had introduced in the mining sector when copper prices had significantly risen in 2008 in order to safeguard the interests of the multinational mining companies, as well as prevent the likely job lay-offs resulting from the global economic crisis. The Government also reduced duty on heavy fuels as a further incentive to the mines. In spite of these incentives that were extended to the mining companies by Government in January 2009, more lay-offs continued. However, against the backdrop of continued rise in the price of copper globally, the country has begun to recover a number of jobs in the sector. Some multinational mining companies are taking over closed mines and rehiring workers, while others that had put their mines on *care and maintenance* are already considering reopening the mines. Luanshya Copper Mine, that was put on *care and maintenance* by the owner – Enya Holdings in December 2008, was in June 2009 bought-off by China Non-ferrous Metals Company (CNMC), the parent company to NFCA¹². As of August 2009, NFCA has recalled 850 former workers¹³ (see earlier footnote on official opening in December 2009). NFCA plans to spend US\$ 300 million to develop the Muliashi Open Pit Mine project, and US\$ 74 million to upgrade infrastructure at Baluba shaft. Employment is expected to reach 4,000 jobs when full production commences at the two mines. Chambishi Metals, that was similarly put on *care and maintenance* by owners (Enya Holdings), was set to re-open before the end of 2009, and announced it would rehire between 500 and 600 of the workers who had been made redundant in December 2008¹⁴. The company has been negotiating for the supply of cobalt and copper concentrates from some mining companies within Zambia and the Democratic Republic of Congo (DRC).

At the industry level, many mining companies have adopted some strategies anchored on restructuring operations to weather the global economic storm. These measures included: closure of mines; sending some workers on redundancy; deferring investments in capital expenditure programmes, and other cost reduction measures. The cost reduction measures (though not uniform across companies) implemented by some mining companies included: strict control of material usage; reduction of working shifts from 12hour shift to an 8-hour shift; suspension of overtime except for breakdowns; purchase of quality products; control of fuel usage; reduction in the scope of work for contractors; reduction in contractor labour and suspension of labour hire contracts and recruitment, and reduction of expatriate staff¹⁵. KCM's innovative *Tubombe Tusunge* programme is targeting to reduce costs from the current 173 cents per pound (already down from a high of 265 cents per pound), to 80 cents per pound by 2011¹⁶. The programme rests on four pillars: safety of employees and

10 *ibid*

11 Particularly in the last quarter of 2009, there have been numerous reports in the media of re-hiring in various mining companies, and in December 2009 HE Rupiah Banda, President of Zambia, officially re-opened the Luanshya Copper Mine.

12 THE POST, Thursday June 25, 2009, 'Mwale bemoans politicising of Luanshya Copper Mine'

13 THE POST, Wednesday August 19, 2009, 'NFCA to upgrade Luanshya mine'

14 THE POST, Friday July 3, 2009, 'Chambishi Metals set to resume operations'

15 Interview with Charles Muchimba, Director, Research Department, MUZ, 25/06/09

16 Interview with Evans Mwenya, Head, Human Resource Manpower and Justine Ndhlovu, Acting Man-

mine property; cost reduction; increasing production (targeting 500,000 tonnes per annum by 2011); and quality products. It is difficult to tell, however, the extent to which these measures have helped to mitigate job losses as for the most part of the first and second quarters of 2009 lay-offs were carried out in spite the measures.

It is also difficult to predict how long the current upward trend in the price of copper will hold. The demand for the metal by the major consumer, China¹⁷, as well as the performance of the US dollar, will likely dictate the price level of copper and, therefore, the activity levels in the mining sector that can lead to further job creation and safeguard current jobs.

2.3 CHANGES IN CONDITIONS OF WORK

As indicated above, the conditions of work for the mine sector workers in Zambia have progressively deteriorated since the privatisation of the country's mines, more than a decade ago. First and foremost, the deterioration of conditions of work is rooted in the casualisation of the labour force that came with the privatisation process. Fraser and Lungu (2007) observe that almost all growth in employment in the mining sector since privatisation process has been for labour employed by contractors and labour brokers. As already seen in Table 1 above, 30,515 workers, accounting for close to half (48.3%) of the total labour force in the mining industry, were employed by contractor companies, with the rest directly employed by the mining firms.

Even for those mining companies who were employing directly, there has been a tendency to hire labour on fixed-term contracts, mostly lasting for between three-to-six months. As a result of segmentation of workers' contracts of employment, the terms and conditions under which they serve have been quite different, with inferior conditions falling on those who are employed by contractors and/or labour brokers, as well as those employed directly by mining companies on short-term fixed contracts. Poor terms and conditions of employment have ranged from job insecurity and lack of social security, to lack of union representation (Fraser and Lungu, 2007; Mutesa and Matenga, 2007; Simutanyi, 2008). Further, workers in this form of non-standard employment receive less pay than their counterparts with standard jobs on permanent and pensionable terms and conditions, a trend that has been contributing to rising income inequalities among the mining communities in the country. In times of economic downturn, such as the global financial crisis, the ILO (2009; 6) Global Jobs Crisis report correctly notes that; "workers on temporary and other non-standard contracts and those without any contract at all are the first to suffer the effects of the crisis". Contractor companies in the mining industry have workers on both permanent and pensionable conditions as well as those on short-term contract terms and conditions. When the scope of jobs for contracting companies is reduced or cancelled by the mining companies, those serving on short-term contract terms and conditions have their contracts terminated, while those on permanent and pensionable terms are put on half-salaries, and this appears to be a condition of service that has been put in the collective agreement. For example, it was revealed that most permanent employees at Mpelembe Drilling have been placed on half-salary due to the global economic crunch, while about 400 employees on short-term contracts lost their jobs when a contract with KCM was terminated between the first and second quarters of 2009. It was reported that workers at the

ager, Human Resource, Corporate, KCM

17 China accounts for a fifth of global copper demand.

company have had no salary increment for the last four years and, with the current global economic crisis, it is likely that they will go without an upward adjustment of their pay for a foreseeable future.¹⁸

The two unions (MUZ and NUMAW) in the mining sector do negotiate collective agreements with mining companies on behalf of their members. For the Mineworkers Union of Zambia (MUZ), it has agreed on an annual collective agreements running from July to June of the next year. However, due to the current global economic meltdown, the major mining companies – KCM and MCM – made proposals to defer the negotiations on items that were not critical, including a salary increment. Thus far (up to August 2009), no new collective agreements had been entered into in 2009. Union officials admit that it has not been easy for unions to accept these proposals, but the unions have had to yield in their negotiations as a protective and defensive mechanism to counter any job losses¹⁹.

Although union officials acknowledge that workers' conditions of service have continued as they have always been as provided in the collective agreements, there have been some overtures for them to agree to modify some of the conditions of service. There were various proposals by the two major employers in the industry, KCM and MCM mine managements, to reduce salaries for workers ostensibly to save jobs, but that was rejected by the unions. It has also been revealed that some mining companies, such as FQM of Kansanshi Mine, had proposed a reduction in working hours, but that proposal was still being considered by the parties concerned²⁰. This scenario obtaining in the mining industry underscores the fact that freely negotiated collective agreements are no longer very well respected, and workers are having to concede hard-won wage levels and benefits in an effort to save jobs and income. While the Industrial and Labour Relations Act²¹ provides for the right of an employee to belong to a union, a few mining companies and most contractor companies have continued to prohibit workers from joining a union, or have refused to recognise union branches that are formed by the two unions in the sector (MUZ and NUMAW) at the respective companies. To underline the extent of lack of respect by employers in the mining sector for the right of workers to freely associate, an informant (who is a MUZ branch official at Mpelembe Drilling, a contractor company with the major mines), maintains that there is evidence of victimisation of union branch officials at the company. People cannot freely associate, and in these hard economic times with heightened social tension in the mining industry, it has become difficult for unions to organize for the protection of workers' rights, as both unionised workers and union branch officials become targets for redundancy²². However, at the time of writing the two unions have maintained a presence in all the major mines, except the relatively new Lumwana Mine in Northwestern Province.

2.4 OCCUPATIONAL HEALTH AND SAFETY STANDARDS

Safety standards in the mining sector are enforced by the Mines Safety Department (MSD) of the Ministry of Mines and Minerals Development (MMMD). There are legislation and regulations that regulate minimum health and safety standards in the

18 Interview with Key informant at Mpelembe Drilling Company, Kitwe, 25/06/09

19 Interview with Mr. Charles Muchimba, Director, Research Department, MUZ, Kitwe and Mr. Dennis Lukwesa, Deputy Secretary General, MUZ, Kitwe, 25/06/09

20 Interview with Mr. Charles Muchimba, Director, Research Department, MUZ, Kitwe and Mr. Dennis Lukwesa, Deputy Secretary General, MUZ, Kitwe, 25/06/09

21 Industrial and Labour Relations Act Cap 269, Section 5(1)

22 Interview with a MUZ branch official at Mpelembe Drilling, Kitwe, 26/06/09

mining sector so as to protect the right of workers to remove themselves from work situations that endanger their health and safety without jeopardy to their continued employment. The MSD is mandated to enforce the relevant legislative and statutory instruments, formulate new legislation and regulations, evaluate all aspects of safety in mining operations, offer technical advice and training, and offer exemptions from the relevant regulations where appropriate²³.

Safety standards in the mines *are reported to have progressively deteriorated* since the onset of the global financial crisis between 2008 and 2009, although firm evidence of this has been hard to come by. Testimonies and records at the MSD point to the fact that both fatal and reportable accidents have been on the rise. Table 7 below shows 79 reported accidents during the early part of 2009.

Table 5: Accident Statistics from January 2008 to June 2009

Division or Mine	2009 (early part of year)		2008	
	Reportable Accidents (A)	Fatals (B)	Reportable Accidents (A)	Fatals (B)
Albidon Munali Mine			3	
Bwana Mkubwa Mine			1	
Chambishi Copper Smelter	3			
Chambishi Metals			5	
Chibuluma South Mine	1		6	
Collum Coal Mine		1		2
Grizzly Mining Limited	1			1
Kansashi Mine	3		3	
KCM Konkola Mine	6	1	28	4
KCM Nampundwe Mine	1		1	
KCM Nchanga Mine	8	1	29	2
KCM Nkana Smelter	1	1	12	
Luanshya Copper Mine			22	3
Maamba Collieries			1	
MCM Mufulira Mine	14	1	57	4
MCM Nkana Mine	28	2	95	1
NFCA Chambishi Mine	12	2	22	1
Sino Metals	1			
Small Scale Mines				2
Others				1
Totals	79*	9*	285	21

Source: Mine Safety Department, Kitwe, June, 2009

* The figures for 2009 were collected as at June 2009, and probably only reflect those recorded incidents during the first 3-4 months of the year.

Even some mines that had never recorded accidents have allegedly started to register accidents. The increase in the mine accidents has been attributed to, inter alia: employment by mines of largely casual labour that is unqualified; working long shifts with fewer workers for specific jobs; and employing cheaper but unsafe mining methods. Other measures have included the use of cheaper products that are applied for safety purposes during mining activities, and the recycling of old equipment.

23 Interview with Mr. Mooya Lumamba, Director, MSD, Kitwe, 26/06/09

While no mining company can be expected to accept that it has compromised the occupational health and safety standards in their operations, this can only be seen in the adjustments made to the measures that companies have undertaken to reduce production costs. As some Mine Safety Department officials observed, *“In trying to reduce production costs, some companies have resorted to unsafe mining practices such as mining along the ore body. A named mining company is using this method which the Mine Safety Department has observed as not being safe. Some open pit mines find it expensive to use water to prevent dust emissions. They no longer do even benching, but concentrate going where there is copper. For some underground mines, instead of using mukwa timber when excavating underground, you find they are using cheaper pine timber that is not at all strong. All these things have an effect on safety”*.²⁴

In most of the cases, it would appear to reinforce the view that labour has been the first casualty in responding to the global economic crisis. This has major safety implications for workers. As again observed by the official at the Mine Safety Department: *“At the same time of reducing labour, the companies also make plans to increase production output. For example, where a crew of six may be needed to hold and lift heavy items underground e.g. timber poles to hold and wedge it, only four people may now be performing that function. Efforts to maximise output with fewer people means people working long hours. In some cases where they are supposed to employ people to do three shifts, they are supposed to have maybe 24 people, each shift may be 8-8-8, now you find that they only get maybe 16 people and put them on 12 hours shift, the so-called six-to-six i.e. one shift from 06.00 hours to 18.00 hours and the other shift from 18.00 hours to 06.00 hours. This results in people being fatigued and end up losing concentration. So you see how reduction in labour may compromise safety”*.

The above view is shared by MUZ. As one of the officials stated, *“Measures such as reducing the number of people compromises safety. Work supposed to be done by many people is now undertaken by only a few in the name of cost saving. For fear of losing jobs, some people go out of their way doing certain jobs underground that will endanger their lives, just to get recognition from supervisors”*²⁵.

MUZ has an Occupational Health and Safety Standards Department that takes audits of mine accidents. An official there observed that *“Safety records for most companies have drastically gone down, with most companies recording slightly higher levels of accidents. For example, the Chinese have the worst safety record. In some of these mines, you find the boss himself is going underground with flip-flops”*. That is not acceptable. We have brought this to the attention of the Mine Safety Department”²⁶.

In terms of numbers, Table 5 above shows that MCM, which is the second largest mining company in the country, has the highest rate of reportable accidents in 2008 and the first half of 2009, followed by KCM and NFCA Chambishi mine. However, these numbers are relative to the total labour force for each company. Comparing these figures with the total number of employees for each mine in Table 3 and 4 above, NFCA has the highest accident rate for all the mines in the country. Chinese-operated Collum Coal Mine in Maamba has also been cited as particularly not observing safety practices, and has registered relatively very high fatalities in both

24 Interview with officials from Mine Safety Department, Kitwe, 26/06/09

25 Interview with Webby Mushota, Director, Occupational Health and Safety Standards Department, MUZ, Kitwe, 25/06/09

26 Interview with Dennis Lukwesa, Deputy Secretary General, MUZ, Kitwe, 25/06/09

2008 and 2009 (Table 5). This finding about the Chinese-operated companies having comparatively higher rates of mine accidents is corroborated with findings of other studies (Fraser & Lungu, 2007; Simutanyi, 2008). One can therefore conclude from the foregoing that some of the Chinese mining companies have an inferior safety record for employees, a trend likely to continue under the current economic crisis if remedial measures are not quickly undertaken by authorities. Although officials at the Mine Safety Department acknowledge that they find a lot of anomalies in terms of safety during inspections, they find it hard to recommend suspension of operations of the mines in question when they weigh the repercussions of job losses and the attendant income losses to the people that would follow that decision²⁷.

The Department has for most of its time remained grossly underfunded since the privatisation of the mines. This has resulted to inadequate staffing and shortage of transport and fuel to carry out inspections, thus limiting its ability to perform its statutory functions satisfactorily. Consequently, the Department has generally been relegated to taking a reactive role involving often only attending to emergencies after accidents have already occurred. Officials admit that the global economic crisis has made things worse for the Department, as it operates on a shoe-string budget at a time they are supposed to deal with the numerous challenges brought about by the crisis.

2.5 ADEQUACY OF SOCIAL SECURITY MECHANISMS

Social security policies or mechanisms emphasise on mitigating work-related risks by providing such things as unemployment benefits; pensions for the retired; compensation for victims of accidents at work; maternity leave; children's allowances, and health insurance (Ghai, 2005). In Zambia the foremost social security instrument is the provision of a pension on retirement for the workers who are entitled to such under their conditions of employment. Compensation for accident victims at work and health/medical insurance are also common components of the social security mechanisms in the country.

Before privatization of the mines, mine-workers enjoyed a decent pension under the *Mukuba Pension Scheme*²⁸. With privatization of the mines, however, and the consequent signing of mine development agreements between Government and the new private mine owners, the latter were exempted from taking over certain employment obligations under the previous employer, ZCCM. In 2000, the two major mine companies and employers, KCM and MCM asked for an exemption from subscribing to NAPSA and instead decided to put their workers on a private-operated money purchase pension scheme known as *Saturna Regna*, managed by an off-shore private company. It has been revealed that many workers are complaining about the manner in which calculations for their benefits is done. Union officials are of the view that their members have been deprived of a scheme, such as NAPSA, that is stable and has far much better conditions compared to the inferior *Saturna Regna*. There is apprehension that *Saturna Regna* is likely to collapse, as there are some indications that the company is likely to pull out²⁹. This private pension fund

27 Interview with Mr. Mooya Lumamba, Director, Mine Safety Department, Kitwe, 26/06/09

28 This is a Pension Scheme exclusively for the mining sector that established by the efforts of the MUZ when the mining sector was still under ZCCM.

29 Interview with Mr. Charles Muchimba, Director, Research Department, MUZ, Kitwe and Mr. Dennis Lukwesa, Deputy Secretary General, MUZ, Kitwe, 25/06/09

is most likely to introduce more insecurity in retirement income for mine employees and more so, on those who are prematurely put on redundancy in the face of the current global economic crisis.

As regards payment of redundancy packages with the lay-offs that have occurred in the recent past, the study established that the affected companies have been paying the packages. However, there is disenchantment that the redundancy packages are far too inadequate for most of the workers who had been employed under new conditions after privatisation of the mines from ZCCM. A typical package of terminal benefits is as follows: 1) two months' pay for each completed year of service pro rata; 2) repatriation allowance in accordance with conditions of employment and service; 3) one month's pay in lieu of notice (for those companies³⁰ that do not give notice); 4) accrued pension according to pension rules; and 5) long service bonus for those who served for a specified period of continuous service³¹. Those workers who were employed in the mines after privatisation have been working under these new conditions for a maximum of only eight years. Using the formula of two months' pay for each completed year of service for calculating their benefits, therefore, gives them very little to take home. For many workers in this category, things were made worse owing to their indebtedness to some commercial banks and micro-finance lending institutions that had inundated them with personal salary-backed loans before the global economic meltdown. The financial institutions, therefore, simply withheld the retrenchment packages, leaving the affected workers with nothing. Some former mine-workers have since been holding demonstrations against some banks over the withheld retrenchment packages³². However, for those workers who previously had worked under ZCCM but moved on to the new mining companies were placed under a package called *Service-held-in-Trust* which is only payable on exit. So these workers access this money under ZCCM, plus the two months pay under the new company, when they are put on redundancy³³.

As regards, other components of the social security package such as medical/health insurance, disability and death benefits for workers, workers are covered under different arrangements. For the health/medical insurance, unions have negotiated in their collective agreements with employers for the cover of the workers' and their families' medical services. Workers who are incapacitated or die while on duty get benefits under the Workers' Compensation Fund provided for by the Workers' Compensation Act. The unions participate in decision-making by sitting in a representative capacity on the Workers' Compensation Board.

2.6 HIV AND AIDS SUPPORT AND COUNSELING

This section examines whether there have been changes in workers' access to HIV and AIDS support and counseling in the mining companies due to the global the economic crisis. The analysis here is restricted to companies for which data was obtained from the companies themselves, as well as from other stakeholders such as unions and labour officers and available literature.

30 Mopani Copper Mine is a typical mine company that does not give notice to employees as required by law but opt to pay in lieu of notice for fear of sabotage by workers- interview with Mr. Tubanje Silungwe Manpower Superintendent and Justine Chiwama, Staff Officer, Mopani Copper Mine, Kitwe, 01/07/09

31 Interview with a retrenched worker at Mopani Copper Mine, Kitwe, 26/06/09

32 SUNDAY POST, August 23, 2009, 'Former KCM workers to stage demo against Barclays over dues'

33 Interview with Dennis Lukwesa, Deputy Secretary General, MUZ, Kitwe, 25/06/09

HIV & AIDS support and counseling in the mining industry in Zambia began in the early 1990s when mine ownership was still with Government through ZCCM. At the time, support was merely towards awareness raising and condom distribution, as the Anti-retroviral drugs were then prohibitively expensive. Private mining companies that took over the mines from ZCCM were initially reluctant to adopt any HIV & AIDS policies and programmes at the time, as they thought that would compel them to also treat their workforce, at a time when drugs were considered expensive (Fraser and Lungu, 2007). A major turn-around in HIV & AIDS support by some mining companies, however, came between 2002 and 2005 when the Government of Zambia first launched a policy that allowed access to ARVs to everyone who felt a need to use them, and then complemented that with another deliberate policy that allowed ARVs to be distributed free of charge in the public sector. This encouraged some mining companies to also adopt their own HIV & AIDS policies and programmes.

KCM and MCM, the two largest mining companies and employers in the industry, have been hailed for having adopted very comprehensive HIV & AIDS policies and programmes, while others such as NFCA, Luanshya Copper Mine and Bwana Mkubwa lagged behind with little or no HIV & AIDS policy or programme in place for their workers and communities. Both MCM and KCM have specialized departments or units dedicated to dealing with this important issue. The programmes revolve around awareness-raising about the disease and its dynamics; prevention; Voluntary Counseling and Testing (VCT); treatment, and non-discrimination at work for those who are HIV positive. These programmes are undertaken with the participation of local Non-governmental Organizations (NGOs) and some multilateral and bilateral funding agencies.

Company officials of both KCM and MCM are of the view that the support to HIV & AIDS programmes has not at all been affected by the impact of the global economic crisis. Support to workers, their dependants and the wider mining communities where the companies operate has continued as before. There is a view that a healthy workforce increases productivity, and increasing productivity is a major objective in these hard economic times³⁴. Union officials say currently that almost all mining companies in which they have membership have HIV & AIDS policies and programmes that are accessible to employees, their dependants and even the wider mining townships. They say that the greatest challenge that still remains to date, as far as HIV & AIDS support is concerned, is the issue of stigma. Whereas the companies are providing services such as VCT and free ARVs, some workers opt to go somewhere else where they are not known for the same services, but where they have to pay for that. The unions through their branches and management at the individual mining sites have engaged in awareness-raising among the employees. Much can still be done to promote wider national level workplace policies on HIV and AIDS, with the support of the National AIDS Council (NAC), and based upon the ILO's Code of Practice (2000) and upcoming ILO global Recommendation on HIV and AIDS in the World of Work (due for ratification in June 2010).

2.7 ROLE OF TRADE UNIONS

This section analyses the role trade unions have played in protecting jobs and conditions of service for workers during the economic hard times of the global recession. Trade unions are the most important organization for wage employees. In their historical development, these organizations have made a number of

³⁴ Interviews with company officials at KCM, Chingola, 30/06/09 and MCM, Kitwe, 01/07/09

achievements, including promoting the bargaining power of workers, improving their remuneration and working conditions, as well as ensuring their participation in workplace decisions and in national economic and social policy (Ghai, 2005). In Zambia, the role of trade unions is provided for and recognised by the Industrial and Labour Relations Act 2008. The mining industry has two unions, namely the Mineworkers Union of Zambia (MUZ) and the National Union of Mineworkers and Allied Workers (NUMAW), that affiliate to ZCTU and FFTUZ respectively. MUZ is the largest of them and has the longest history in the sector, while NUMAW was created during the privatisation process of the mines. For this study, only MUZ officials were available for interviews.

According to some MUZ officials, the Union has always played its important role of negotiating good and sound collective agreements on behalf of its members and protecting the rights of the members at work. MUZ as well as NUMAW have engaged Government through the Ministry of Labour and Social Security (MLSS) and the Ministry of Mines and Minerals Development (MMD) since the last quarter of 2008 in order to protect the existing conditions of service of their members from getting wiped out as a result of the global economic crunch. An official at MUZ emphasised that: *“The credit crunch affected the new projects and ongoing long-term projects. We thought that the day-to-day tasks of production can easily be sustained under the recession and we have taken a precaution that we do not overburden our employers with things that we could get after some time.”*³⁵ Both MUZ and NUMAW accepted to defer entering into new collective agreements until the economy improved just to save jobs.

The MUZ officials admit that it has not been easy for them to sit back and watch their members losing jobs just like that. The number of workers that the mining companies were originally contemplating to lay-off was much greater than what they actually effected. For instance, whereas MCM had notified 4,000 jobs, the company ended with retrenching somewhere around 1,500 after the unions applied pressure and made their case against redundancies. In their view, through dialogue with the mining companies, the union officials saved jobs that otherwise would have been lost.

2.8 ROLE OF SOCIAL DIALOGUE

Social dialogue is essentially a means of bringing together representative organizations of workers and employers alongside government in order to discuss and arrive at consensus on key employment and labour issues through tripartite consultation. Social dialogue provides voice and representation for different categories of participants in workplaces. It is a tool for these categories to defend their interests, articulate their concerns and priorities, and engage in negotiations and discussions with other actors in the production system, as well as with the public authorities, on social and economic policies (Ghai, 2005). During this period of global economic crisis and the resultant job losses in the mining sector in Zambia, all parties have engaged in some form of dialogue to mitigate further losses and closure of mines. The usual method of social dialogue between unions and mine companies, as already observed above, is collective bargaining that ends with a collective agreement on conditions of service for workers. However, with the current global economic crisis, unions have decided to defer entering into new rounds of collective bargaining for improved salaries, but have engaged the employers on measures that the enterprises

³⁵ Interview with Charles Muchimba, Director, Research Department, MUZ, Kitwe, 25/06/09

could take to reduce costs as a way of mitigating job losses and protecting existing working conditions. The unions have also engaged their members at the highest level to an extent that the workers themselves proposed certain measures to forego certain conditions³⁶. Further, MUZ has established permanent committees in all the mines where they have membership. These committees are a means to discuss issues between the mine management and the union branches, and either party can request for a meeting at any time³⁷. The mine managements of KCM and MCM admitted that they are in constant dialogue both with the two unions in the mining industry, and with Government, and agree on matters affecting personnel and production³⁸. Further, MUZ and NUMAW at national level meet with KCM company representatives to enhance dialogue³⁹.

At the national level, unions engage in social dialogue through the Tripartite Consultative Labour Council (TCLC) through the mother body, Zambia Congress of Trade Unions (ZCTU); the national economic consultative forum - the *national indaba*; the Peer Review Mechanism, and various other consultative meetings. The last TCLC was held in Lusaka in April 2009 as the job losses in the mines had reached a climax.

The above finding shows that social dialogue has been taking place to help mitigate the impact of the jobs crisis in the mining sector. However, in spite of the various processes of dialogue, the mining companies went ahead to lay-off workers in large numbers. It is, therefore, difficult to understand to what extent this dialogue has been effective and successful. Some critics have maintained that the dialogue has not been strong enough due to the power imbalances among the different stakeholders, i.e. employers and Government having more power than the workers. The mining companies have wielded enormous influence to force Government to remove the “infamous” windfall tax that it had earlier imposed on the mining companies, and also to get further incentives to maximize on their profitability. The unions have been in the weakest position during the processes of social dialogue, as they have had to make concessions to downgrade some of their conditions of service in order to save jobs, yet companies went ahead to retrench labour contrary to what the parties (i.e. government, unions and the companies) had agreed. It is correct to conclude, therefore, that though social dialogue has potential to forestall and even mitigate the impact of job losses, in the Zambian context this has been far too inadequate.

2.9 PROGRESS TOWARDS ACHIEVING DECENT WORK

The Decent Work Agenda of the ILO lies on four pillars, namely, rights at work, employment, social protection, and social dialogue (Ghai, 2005). Zambia’s Decent Work Country Programme closely follows these four pillars (GRZ/ILO, 2007). A number of elements of these four components have already been discussed above. During research for this report, it occurred that while different stakeholders understood the different elements of the decent work agenda, few really understood the concept itself.

Stakeholders interviewed all agree that there has been no discrimination based on disability and gender by companies in the mining industry in the country.

36 Interview with Charles Muchimba, Director, Research Department, MUZ, Kitwe, 25/06/09

37 Interview with Dennis Lukwesa, Deputy General Secretary, MUZ, Kitwe, 25/06/09

38 Interviews with Justin Ndhlovu, acting Manager, HR Corporate, and Evans Mwenya, Head HR Manpower, KCM, Chingola, 30/06/09; and Tubanje Silungwe, Manpower Superintendent and Justine Chiwama, Staff Officer, MCM, Kitwe, 01/ 07/ 09

39 Interviews with Justin Ndhlovu, acting Manager, HR Corporate, and Evans Mwenya, Head HR Manpower, KCM, Chingola, 30/06/09

Although many jobs in the mining sector are tilted towards men due to the nature of the industry, it would appear that women do not get marginalised in any way. Women's rights, including paid maternity leave, have been enshrined in many of the collective agreements and therefore their interests addressed. Workers are neither discriminated against on account of their HIV & AIDS status. However, there are several existing deficits and inadequacies in the decent work mechanisms obtaining in the mining industry.

As highlighted elsewhere in this report, a significant proportion of employees in the sector are hired on inferior terms and conditions that do not provide a pension. In the Zambian context, a pension is the only available form of social security for those in formal employment. Yet there is gross informalisation of employment within the formal sector through hiring people on short-term fixed contracts by most mining companies. In most cases, this informal-formal category of workers are generally the ones charged with the responsibility to do the most strenuous and dangerous work underground and, therefore, are generally more prone to accidents and death, yet they are the least protected. A Minister of Mines in 2006 noted that there were more casual or contract labour employees involved in mine accidents compared to regular and permanent employees (Fraser and Lungu, 2007).

Most of those employed on short-term contracts directly by mining companies and contractor companies receive very meager salaries, compared to their counterparts on permanent and pensionable terms. For example, Bresmar Investment Limited, a contractor company with Kansanshi Mine in Solwezi, has reduced wages for its workers from K3,600 per hour to K2,900⁴⁰ per hour. These workers toil for 12 hours a day for seven (7) continuous days and rest for four (4) days. The reduction in wages has been attributed to the reduced scope of work and reduced contract prices given by Kansanshi Mine due to the global economic crisis⁴¹. Workers in this category have no job security as they are the first to be terminated in hard economic times.

In conclusion, therefore, one can say that the current global economic crisis is not the principal culprit in the current deficits and inadequacies in the different components of decent work, but the crisis has simply accentuated the deficits that pre-date its onset.

2.10 CURRENT POLICY, LEGAL AND REGULATORY ENVIRONMENT ON LABOUR & EMPLOYMENT

Labour matters in Zambia are governed by several pieces of labour legislation and a labour policy. Of significance to the current study are: the Employment Act, Cap 268; Industrial and Labour Relations Act, Cap 269; Workers' Compensation Act, CAP 271; and National Pensions Scheme Act, No. 40 of 1996. There is also in place a National Employment and Labour Market Policy (GRZ/MLSS 2004). The overall objective of the National Employment and Labour Market Policy is to create adequate and quality jobs under conditions that ensure adequate income and protection of workers' basic rights, and it is highly consistent with the tenets of the ILO's Global Decent Work Agenda and underpins the priorities of the Z-DWCP.

Matters pertaining to termination of employment and protection of working

⁴⁰ This amount is equivalent to US \$ 0.58 at the current average exchange rate of K5, 000 per US\$

⁴¹ Interview with Million Kazembe, Accountant/Manager, Bresmar Investment Limited, Solwezi, 29/06/09

conditions are provided for in the Employment Act Cap 268 of the Laws of Zambia, while those pertaining to protection of rights at work are provided for in the Industrial and Labour Relations Act Cap 269 of the Laws of Zambia. The Ministry of Labour and Social Security (MLSS) implements these pieces of legislation, and the powers to implement the Act are vested in the Labour Commissioner and Labour Officers. The Labour Commissioner is responsible to the Minister.

Parts IV and V deals with matters pertaining to contracts of service wherein provisions for redundancies are provided for. Part IV deals with oral contracts, while Part V is concerned with written contracts. Most companies effecting termination of employment due to the effects of the global economic crisis have been using the redundancy clauses in the Employment Act.

The Act⁴² provides that an employee's contract of service shall be deemed to have been terminated by reason of redundancy if the termination is wholly or in part due to either the employer ceasing or intending to cease to carry on the business by virtue of which the employee was engaged, or the business ceasing or reducing the requirement for the employees to carry out work of a particular kind in the place where the employee was engaged and the business remains a viable going concern. This provision is unrestrictive and any employer may use the clause to close business or just reduce the workforce at the slightest sign of trouble. This provision is, therefore, a source of job insecurity.

The same Act⁴³ requires that an employer who decides to terminate a contract of employment for reasons of redundancy should provide notice of not less than thirty days to the representative of the employee, in this case, a trade union, on the impending redundancies, and inform the representative on the number of employees to be affected and the period within which the termination is intended to be carried out. It is also a requirement that the representatives of the employee be given an opportunity for consultations on what measures are to be taken to minimise the terminations and the adverse effects on the employees, as well as the measures to be taken to mitigate the adverse effects on the employees concerned, including finding alternative employment for the affected employees.

Respondents were in agreement that, in practice, it is only the big companies, i.e. the mining companies, that give 30 days notice to the unions, but the mine contractor companies do not. However, the mining companies also do not give notice to contractors when they suspend contracts. Therefore, when mining companies abruptly suspend contracts, the contractors also immediately declare their workers redundant with immediate effect.

The Act⁴⁴ similarly requires that a Labour Officer be given at least sixty days notice prior to effecting any such termination by redundancy. This notice is to be accompanied with information on the reasons for the termination by redundancy; the number of categories of employees likely to be affected; the period within which the redundancies are to be affected; and the nature of the redundancy package. Further, the redundancy package ought to be agreed by the parties, i.e. the employee's representative and the employer, or may be determined by the Minister of Labour and Social Security (MLSS). The redundancy benefits are required to be paid not

42 Part IV, Section 26B (1) of the Employment Act

43 Part IV, Section 26B (2) of the Employment Act

44 Part IV, Section 26B (2) (c) of the Employment Act

later than the last day of duty of the affected employee. However, if an employer is unable to pay the redundancy benefits on the last day of duty of the employee, it is a requirement that the employer continue paying the employee full wages until the redundancy benefits are paid.

Other than the mining companies, none of these provisions were complied with by the contractor companies. A Labour Officer on the Copperbelt maintained that his office was inundated with cases of complaints from retrenched workers who had not been given benefits by the contractor companies. He lamented that: *“We are in a situation whereas the Labour Office we have to chase the employer for not notifying us and for not paying the redundancy packages. And the employer tells us that he is unable to because the mining company has not paid after terminating the contract, and if we pressure them, they go under”*⁴⁵.

The Act⁴⁶ also makes an exemption to certain categories of employees to whom the provisions do not apply. These are, a casual employee, an employee engaged for a fixed term and the redundancy coincides with the expiration of that term, and an employee still serving on probation. In the mining sector, a significant proportion of employees are casuals and on fixed-term contracts. There is no job security and income security when these workers are laid-off. The interpretation of the law is that such employees are entitled to no benefits at all.

There is further, a lacuna in the provisions for redundancy for an employee on written contracts. The Act⁴⁷ provides that a written contract of service shall be terminated *in any other manner in which a contract of service may be lawfully terminated or deemed to be terminated whether under the provisions of this Act or otherwise*. This section does not expressly refer to termination of employment of an employee serving on a written contract by way of redundancy, although it is implied. Thus, when Albidon Zambia Limited effected redundancies at the Munali Nickel Project in Mazabuka in December 2008, the company general manager stated that: *“The company acted in accordance with the Zambian labour laws on advice that the redundancy provisions and procedures under Section 26 B of the Employment Act, Chapter 268 of the Laws of Zambia, relate to oral contracts only and therefore do not apply to Albidon employees as they were engaged on written fixed short-term contracts of service. Any employees not entitled under the terms and conditions of their contracts to a redundancy payment, were in fact paid an ex-gratia redundancy package regardless”*⁴⁸.

From the foregoing, it is clear that the current policy and legal environment is not sufficiently conducive to protecting jobs and conditions of service for employees.

45 Interview with a labour officer who did not want to be identified, 24/06/09

46 Part IV, Section 26B (4) (c-d) of the Employment Act

47 Part V, Section 36 (1c) of the Employment Act

48 The Post, Tuesday December 2008, ‘60% drop in nickel prices necessitated restructuring at Munali – Albidon’

3. CONCLUSIONS AND RECOMMENDATIONS

3.1 CONCLUSIONS

This study set out to quantify, analyse and where possible determine job losses and deteriorating conditions of work resulting from the impact of the global financial crisis in the mining sector in Zambia. In its findings, the study has found that a significant number of jobs have been lost in the mining sector on account of falling copper and other mineral prices on the international market, and the high production costs that affected the profitability and even the viability of some mine entities.

The study has also established some serious deficits in the various components of the ILO's Global Decent Work Agenda, and that the current global economic crisis is likely to accentuate the situation. For instance, mining companies have continued to employ labour on a casual or short fixed-term basis. Workers in this category do not benefit from a pension, a critical and in most cases the only means of income for the wage employees upon retirement. Further, the subscription by mining companies to a private pension fund on behalf of their employees is perceived as risky, as private pension schemes have been particularly affected by the global economic crisis.

It has been revealed that some conditions of work have changed for the worse due to the impact of the crisis. Workers employed in the mines by the contractor companies had to agree to a wage reduction just to save jobs. Others have been compelled to reduce their usual daily working hours due to the limited scope of work, and therefore have had to contend with a reduction in the usual wages. Further, the occupational health and safety standards that had already been deteriorating even before the economic crisis were most likely to get worse due to the measures some companies are adopting to reduce costs. For instance, the reduction of labour has led to longer working shifts that can result in lack of concentration and consequently accidents.

The study has also established that the Zambian Government could have responded more promptly and definitively to stem job losses in the mining sector arising from the global economic crisis. The major policy response by Government to the falling copper prices has been in the form of concessions to the mining sector aimed at reducing the cost of production and increasing profitability, while at the same time hoping to stem job losses. These concessions that included the abolishing of the windfall tax, and increased investment incentives (such as reducing duty on heavy fuels used in mines) did not help matters as redundancies were still effected. Some mining companies have opportunistically used the global economic crisis as an excuse to embark upon previously conceived plans to cut jobs and maximise profits. Some of the companies, especially those whose operations are based on open pit, enjoy relatively lower unit costs of production, yet they have still carried out redundancies.

In the face of all this, the trade union movement has been unable to develop a fully effective and coordinated strategy to prevent or mitigate job losses and the deterioration of working conditions for workers. The trade unions in the mining sector and their federations still suffer from a lack of capacity to deal with a jobs loss crisis of this scale, given its global dimensions.

Although social dialogue has been taking place both at national and firm levels, the dialogue has not been sufficiently strong as exemplified by the scale of job losses that has occurred within a short space of time, and lack of an effective response

by Government, employers and trade unions to anticipate and respond to the full effects of the economic crisis.

3.2 RECOMMENDATIONS

In view of the many concerns raised, the study makes the following recommendations:
Recommendations

The study has made the following recommendations:

1. Government and the social partners (workers' and employers' organizations) should work together and develop a robust framework for the country's response to the global financial, economic and jobs crisis, and take full account of the outcomes of the national economic forum – the *national indaba*. Key stakeholders in the mining sector (i.e. labour, mining companies and contractors) should develop a specific stimulus package for the sector, to be deliberated on at the level of the Tripartite Consultative Labour Council (TCLC). This framework should be translated into an effective tool to fight as well as recover jobs lost in the sector, and cushion the poor and vulnerable from the effects of the crisis. The mining sector should be designated as a national pilot “Decent Work” sector, wherein all issues take full account of Rights at Work, Enterprise Development and Employment Creation, Social Protection and Occupational Health and Safety, and Social Dialogue.⁴⁹ Such a package could be based on a national application of the Global Jobs Pact, as adopted by the International Labour Conference in June 2009.
2. Mining companies and trade unions should explore all of the alternatives to redundancies, such as retraining and skills upgrading, elimination of wasteful expenditure, and control of excessive perks and salaries. The ILO's “Assistance” hotline (assistance@ilo.org) can provide guidance on socially responsible restructuring.
3. Based on the lessons drawn from the ILO's initiative in Luanshya, which was in direct responses to requests from the Mineworkers' Union (MUZ), the Luanshya Integrated Support Initiative on Employment (LISIE) was developed. This involved extensive partnering by the ILO with the local unions, local employers, Provincial Government Departments and line ministries, national development agencies such as CEEC and ZDA, skills training centres, and NGOs and social actors. Through the LISIE, support was offered to laid-off mine-workers and their families to: (i) learn skills in entrepreneurship and business development; (ii) upgrade their technical skills; (iii) gain access to financial supports; (iv) create awareness on HIV and AIDS; and (v) support families to ensure that their children did not fall into child labour. This initiative needs additional funding from Government and the donor community to enable it to be upscaled within Luanshya and be replicated in other badly affected Copperbelt towns and in other locations.
4. More mining companies should be contributing through NAPSA, a public pension fund, for their employees to have security of retirement income.
5. Government should arrange for some form of social security coverage for

⁴⁹ These are the four pillars of the ILO's global Decent Work Agenda.

casual employees and fixed short-term contract workers in the mining sector.

6. Government should seriously regulate contract work, subcontracting and outsourcing, and prohibit abusive practices by contractors.
7. Government should review the Employment Act to provide for the protection of jobs at times of economic crises.
8. The capacities of Ministry of Labour and Social Security (MLSS) and Ministry of Mines and Minerals Development (MMMD) need to be strengthened in labour administration and labour inspection, and occupational health and safety enforcement to ensure compliance with Zambian laws and protect workers. This should be done through improved staffing, motivation and incentives, training, and equipping the departments with vehicles and other necessary tools of operations.
9. Trade unions in the mining sector should develop capacity to play a watchdog role to create awareness, promote compliance, expose abuses, and demand for safer working environments.
10. Strong social dialogue should be developed as a key mechanism for designing economic and labour policies to fit national priorities, and the commitment of employers and workers should be built for joint action with Government so as to overcome the economic crisis and achieve sustainable recovery. The TCLC should be upgraded to provide an effective forum for these tripartite efforts so that systematic attention be devoted to the application of collective bargaining; enhanced productivity and competitiveness; adoption of safer and healthier working conditions; negotiated forms of gain-sharing between workers and management, and forms of socially responsible restructuring, with a view to designating the mining sector as a “Decent Work” sector.
11. Efforts to raise awareness on the global Decent Work Agenda and the Zambia Decent Work Country Programme (Z-DWCP) should be upscaled, particularly among the tripartite constituents.
12. Government concessions to the mining companies should be conditional on the companies demonstrating labour law compliance, undertaking collective bargaining, and engaging in social dialogue. The companies receiving concessions should be obliged to:
 - a) make strident efforts to save jobs and take measures to avoid redundancies;
 - b) develop rescue packages in partnership with trade unions; and
 - c) have a record of full compliance with the Zambian labour laws and health and safety regulations.

REFERENCES

Fraser, A & Lungu, J (2006) For Whom The Windfalls? Winners & Losers in the privatization of Zambia's Copper Mines. Lusaka, Civil Society Trade Network of Zambia and Catholic Centre for Justice, Peace and Development.

Ghai, D (2005) Decent Work: Universality and Diversity. Geneva, International Institute for Labour Studies.

GRZ/Ministry of Finance and National Planning (2006) Fifth National Development Plan 2006 -2010, Lusaka.

GRZ/MLSS (2004) National Employment and Labour Market Policy. Lusaka, MLSS.

GRZ, The Employment Act, Chapter 268.

GRZ, The Factories Act, Chapter 441

GRZ, The Industrial and Labour Relations Act, Chapter 269

GRZ, The National Pension Scheme Act, Chapter 256

ILO (2009) Tackling the global jobs crisis- recovery through decent work policies: Report of the Director-General, International Labour Conference, 98th Session 2009, Report I(A), ILO, Geneva.

ILO (2007) Zambia-Decent Work Country Programme DWCP 2007 – 2011. Lusaka, ILO.

ODI (2009) The Global Financial Crisis and Developing Countries – Preliminary Synthesis of Ten Draft Country Reports, London, ODI/DFID.

Moyo, T. N (2009) The Impact of the Global Economic Crisis on Zambia: Responses and Recommendations: A Submission to the Economic Affairs and Labour Committee of Parliament, 13th May 2009.

Mutesa, F, & Matenga, C.R, (2007) Private Recruitment Agencies and Practices in Zambia, GRZ/MLSS & ILO

Simutanyi, N (2008) Copper Mining in Zambia: The Developmental Legacy of Privatisation. Occasional Paper 165, July, 2008, Institute for Security Studies.

LIST OF APPENDICES

APPENDIX 1: TERMS OF REFERENCE

BACKGROUND

The current global financial crisis has impacted negatively on the world economy on a magnitude of unprecedented proportions witnessed in the recent decades. Not only has the financial system threatened the economic fundamentals in developed countries but people's livelihoods have been affected across the globe.

In Zambia the crisis has emanated from decreased demand of Zambia's main commodity export, copper, as a result of the slowdown in economic activities in the major economies. The reduced demand for copper led to a sharp fall in global copper prices. From a high price of US\$8, 985 per tonne, in July 2008, the price fell to below US\$3,000 by the end of the year. Copper exports account for about 70 percent of Zambia's total exports and have played a pivotal role in the resurgence of the economy whose growth in the last seven years has averaged close to 6 percent. The crisis has resulted in job losses predominantly in the mines where it is estimated that more than 10, 000 jobs have been lost. The loss of jobs in the formal economy will most likely force retrenched workers seek alternative employment in informal activities and lead to a general growth in the informal economy.

The social impact of the job losses will likely lead to an increase in anti-social, illegal and counter-productive activities such as increased crime, illegal mining, child labour and increased exposure to the dangers of HIV and AIDS. It is further predicted that the attainment of the MDG number one of halving poverty will not be met as more people are likely to fall into the poverty trap.

It is in the context of the global crisis that the ILO seeks to undertake a study to quantify, analyse and where possible determine job losses and deteriorating conditions of work, resulting from the impact of the global financial crisis in the mining sector. Mining remains the mainstay of the Zambian economy.

PURPOSE/OBJECTIVES

- I. To quantify and analyze job losses in the mining sector and where possible determine employment trends in the mining sector
- II. To assess any deterioration in conditions of work as a result of mining companies taking measures to mitigate the impact of the crisis (e.g. increased working hours, loss of benefits etc).
- III. To propose measures that mining companies and the tripartite constituents (workers and employers organizations i.e. ZCTU and ZFE) could apply to minimize job losses and deterioration to conditions of work.

SPECIFIC TASKS

- I. To establish the number of workers laid off in the mining sector as result of the global financial crisis and determine future employment trends.
- II. To identify any deterioration in occupational health and safety standards.
- III. To identify any changes in the conditions of work.
- IV. To assess workers' access to HIV support and counseling before and after the crisis.

- V. To identify progress made at the work places towards achieving decent work for workers and assess if there has been any impact on the progress as a result of the crisis.
- VI. To assess the adequacy of the social security mechanism in place.
- VII. To assess the role of worker constituents (Trade Unions) in protecting jobs and conditions of service.
- VIII. To assess the role, contribution and potential of social dialogue in mitigating the impact of the global jobs crisis in the mining sector and on individual mining enterprises (e.g. collective bargaining).
- IX. To assess whether the current policy, legal and regulatory environment is conducive for protecting jobs and condition of work during this period of global financial crisis.
- X. To propose mechanism(s) and policies aimed at creating more supportive environment within which the tripartite constituents play an effective role in minimizing job losses and deteriorating conditions of work.

CROSS CUTTING ISSUES

The study will also take into account the impact of the global financial crisis on gender and workers with disabilities in addressing the tasks above.

DURATION OF THE ASSIGNMENT

25 calendar days

SCOPE OF COVERAGE

Lusaka, Copperbelt and North-Western Provinces

(Footnotes)

1 It should be noted that the Government's estimate of job losses is closer to 8,000, according to the Minister of Finance's Budget Speech in October 2009. It has been assumed that this figure refers only to those jobs lost directly by those employed directly by the mining companies (estimated in this report as in excess of 7,000 jobs lost), and does not take account those engaged by contractor companies.

APPENDIX 2: LIST OF PERSONS INTERVIEWED

NAME	DESIGNATION	INSTITUTION
Mugemezulu, Owen	Chief Planner	Ministry of Labour & Social Security, Lusaka
Banda, Simon	Planner	Ministry of Labour & social Security, Lusaka
Mwakacheya, Bernadette	Economist	Ministry of Mines & Minerals Development, Lusaka
Chembe, Martin	Director, Public Relations	ZCTU, Kitwe
Hikaumba, Leonard	President	ZCTU, Lusaka
Lukwesa, Dennis	Deputy General Secretary	MUZ, Kitwe
Muchimba, Charles	Director of Research	MUZ, Kitwe
Mushota, Webby	Director, Occupational Health & Safety	MUZ, Kitwe
Lishika, Geoffrey	MUZ Branch Chairperson, Mpelembe Drilling	MUZ, Kitwe
Chibanda,	Executive Director	Zambia Federation of Employers
Lumamba, Mooya, B.	Director	Mine Safety Department, Kitwe
Chewe, Billy	Deputy Director	Mine Safety Department, Kitwe
Mambo, Choolwe	Computer Data Manager	Mine Safety Department, Kitwe
Chansa, James	Senior Labour Officer	Ministry of Labour & social Security, Kitwe
Chipuma, Jackline	Labour Inspector	Ministry of Labour & social Security, Kitwe
Phiri, Gabriel	General Secretary	National Union of Buildings, Engineering & General Workers, Kitwe
Kondowe, John	Senior National Trustee	National Union of Buildings, Engineering & General Workers, Kitwe
Mphashi, Anthony	Labour Inspector	Ministry of Labour & social Security, Solwezi
Mooya, Ford	Operations Manager	Lamamuda Investemnts, Solwezi
Kazembe, Milliot	Financial & Administration Manager	Bresmar Investments, Solwezi
Nyangulu, Davies	Superintendent, Human Resource	Lumwana Mine Company
Dr Tembo		Lumwana Mine Company
Ndhlovu, Justine	Acting Manager, HR Corporate	Konkola Copper Mine, Chingola
Mwenya, Evans	Head, HR Manpower	Konkola Copper Mine, Chingola
Silungwe, Tubanje	Superintendent, Manpower	Mopani Copper Mine, Kitwe
Chiwama, Justine	Staff Officer	Mopani Copper Mine, Kitwe
Nyirenda, Conwell	Superintendent, HR	Chambishi Metals, Chambishi

