



May 2017



An analysis of Wages and Collective bargaining in Tanzania - 2016

By David Etyang

© WageIndicator Foundation, 2017

Address: P O Box 94025, 1090 GA Amsterdam, The Netherlands

Visiting address: Roetersstraat 25-35, 1018WB Amsterdam, The Netherlands.

Email office@wageindicator.org.

The Africa Labour and Research Institute, ALREI.

The Africa Labour Research and Education Institute is based in Lome, Togo. It is an autonomous research and education organ established by ITUC-Africa on the 1st of July 2014. The institute is expected to strengthen trade union work all over Africa through relevant and innovative research, training and education, and the dissemination of labour, economics and development related information.

The strategic direction of ALREI takes shape guided by the vision of a strong, dynamic and accountable trade union movement that promotes and defends social and economic justice, fairness and equality on the African continent.

Thus, at the core of its mission, ALREI wants to create a continent-wide trade union research and education powerhouse that capacitates and coordinates research and education activities for African trade unions to enable them to effectively input into policy discussions and actions for the benefit of Africa's working people.

Adress: Route Internationale d'Atakpamé, Centre FOPADESC, Agoè-Nyivé, BP 4401, Lomé-Togo

Tél: +228 22250710, Email: alrei@ituc-africa.org

Bibliographic Information:

May 2017 – ALREI - WageIndicator Foundation

Contents

1. Introduction and background.....	1
2. The Wage bargaining review for 2016 in Tanzania	2
3. Conditions of service in the Collective Bargaining Agreements (CBAs).....	4
3.1. Wages	5
3.2. Working hours	5
3.3. General Conditions of employment.....	5
3.4. Job security.....	6
3.5. Gender and women's issues	6
3.6. HIV/AIDS.....	6
3.7. Skills training	6
4. Conclusion & Recommendations	7
5. References	7

1. Introduction and background

This report analyses the state of wage bargaining in Tanzania looking at the labour/employment legislation, the current minimum wage and how they are derived by sector. The report also analyses the conditions of service in the collective bargaining agreements focusing on what some of the agreements provide for.

The methods used to compile this report were both qualitative and quantitative; it included carrying out key informant interviews with some experts at Trade Union Congress of Tanzania (TUCTA) and the Association of Tanzania Employers (ATE). However, the report compilation was majorly based on desk research, where documentary evidence on policies on wages and collective bargaining agreements were reviewed.

The report compilation was not without limitations and therefore the readers of this work should be cognizant of the following facts that: whereas both quantitative and qualitative techniques were used, quantitative data was very limited due to inadequate data on CBA's, with most of the concluded agreements hard to find; this was a cross sectional study which means that the findings are a result of one time observation, perhaps the findings could have been different if it were a longitudinal study which would have been subject to several observations over a longer period of time.

The United Republic of Tanzania has the second largest economy in the East African Community (EAC). Just like the other five EAC partner states, the country is largely dependent on agriculture, with about half of its labour force employed in the sector. The country has been moving on a steady economic path over the last few decades, thanks in part to the political and social stability, coupled with some government reforms that have allowed the economy to move from a command economy where government was in full control to a market economy where the markets dictate. The reforms have helped boost the country's annual GDP growth rate over the last 15 years. Today, in macroeconomic terms, Tanzania has been a quiet success story. Official calculations of gross domestic product though problematic largely due to a rural economy with a big informal sector shows growth has averaged 7 per cent a year since 15 years ago when the country turned away from socialism, yet these achievements are overshadowed by the slow response of poverty to match the growing economy. One of the reasons for continued poverty is that, although growth is real, it has been far from even. Agriculture, which employs at least 70 per cent of the population, has lagged, with an annual growth in the sector of around 3-4 per cent. This has barely kept up with population expansion of nearly 3 per cent, meaning a lot of people are being left behind.

Although wages have generally been increasing they have been affected by the high inflation rate in consumer prices which has averaged 5 Per cent in the last five recent years.

This report has THREE substantive sections: The wage bargaining review for 2016; Conditions of service in the Collective bargaining agreements; Conclusions and recommendations

2. The Wage bargaining review for 2016 in Tanzania

In Tanzania wages are determined by a Wage Board through the Labour, Economic and Social Council (LESCO). LESCO is a tripartite institution that advises the government through the Ministry of Labour on different matters that promote economic growth and social equality, and any significant changes to social and economic policy. The Ministry of Labour in consultation with LESCO appoints members to the wage board, whose functions include: i) conducting an investigation on a minimum remuneration and other conditions of employment; ii) promote collective bargaining between registered trade unions, employers and registered employer's associations, and iii) make recommendations to the Minister on minimum wages and the conditions of employment. Sectoral wage boards have also been established in sectors such as health, domestic service, private security, mining, and agriculture. The rationale behind the introduction of these sectoral minimum wage settings has been to: "provide social protection to the vulnerable workers against the increasing cost of living; to increase wage incomes and improve distribution of the same, particularly for low wage earners, in line with the increasing social and economic investments; regulate the extraction of Tanzania's natural resources, and growth of the economy; and to make local employees earn a 'fair' wage from their labour services given the perceived profit rates of local and foreign investments that vary by sector, scale and scope".

I reviewed data from the National Bureau of Statistics, which shows wages in Tanzania increased to 334,017 TZS/Month in 2014 from 322,527 TZS/Month in 2013. Wages averaged 294,019.88 TZS/Month from 2005 until 2014, reaching an all time high of 334,017 TZS/Month in 2014 and a record low of 242,857 TZS/Month in 2007. Currently the minimum wage in the country stands at 310,000 Tzs, which came into effect at the start of the current financial year 2016, these follows a 13.5 Per cent raise. The Trade Union Congress of Tanzania (TUCTA) had hoped to have the minimum wage pushed to 350,000 Tzs, but government settled for 310,000 Tzs. However, TUCTA has not given up its demand to have the minimum wage increased further to afford workers a decent life. Earlier this financial year 2016, during the May Day celebrations, TUCTA requested the government to revise the minimum wage and increase it to 750,000 Tzs which they consider would provide working people a living wage. They union further reminded president Magufuli's government of their campaign pledge to reduce the pay-as-you-earn (Paye) tax charged on the minimum wage to a single digit from the current 11 per cent. These demands by TUCTA are yet to be accepted by the government as of today. Important to point out is that negotiation for increasing the minimum wages has always been characterized by striking contrasts between the Association of Tanzania Employers (ATE) and TUCTA. As TUCTA pushes for 750,000 Tzs as a minimum amount that will essentially provide the working people a living wage, on the other hand, the Association of Tanzanian Employers has argued against this move insisting that efforts should rather be geared towards setting a minimum wage that would protect the low paid workers in Tanzania. However, I challenge the employers' views, because currently employees earning 500,000 Tzs and below today, often depend on other sources of income just to make ends meet. The current minimum wage of 310,000 Tzs is such a low pay which first and foremost demoralizes workers and leads to some crooked work, and secondly this may at times lead to negative tendencies like corruption.

Table below shows the current minimum wage trend by sector in Tanzania

Sector	Area	Minimum Wage per Hour	Minimum Wage per Day	Minimum Wage per Week	Minimum Wage per Fortnight	Minimum Wage per Month
Health Services		677.00	5,077.33	30,463.90	60,927.76	
Agricultural Services		512.85	3,846.50	23,078.70	46,157.40	100,000.00
Trade, Industries and Commercial Services	Trade, Industry and Commerce	589.80	4,423.40	26,540.50	53,081.00	115,000.00
	Financial Institutions	2,051.45	15,385.50	92,314.80	184,629.60	400,000.00
Communication Services	Telecommunication Services	2,051.45	15,385.80	92,314.80	184,629.60	400,000.00
Communication services	Broadcasting and Mass Media, Postal and Courier Services	769.30	5,769.70	34,618.05	69,236.10	150,000.00
Mining	Mining and prospecting licenses	2,051.45	15,385.80	92,314.40	184,629.60	400,000.00
	Primary Mining Licences	1,025.80	7,692.90	46,157.40	91,314.80	200,000.00
	Dealers licenses	2,367.10	11,539.35	69,236.10	138,472.20	
	Brokers licenses	1,025.80	7,692.90	46,157.40	92,314.80	200,000.00
Private schools services (Nursery, Primary and Secondary schools)		718.00	5,385.02	32,310.15	64,620.35	140,000.00
Domestic and Hospital Services	Domestic Workers employed by Diplomats and Potential businessmen	769.30	5,769.70	34,618.05	69,236.10	150,000.00
	Domestic Workers employed by entitled officers	666.70	5,000.40	30,002.30	60,004.60	130,000.00
	Domestic Workers other than those employed by diplomats and potential businessmen and entitled officers who are not residing in the household of the employer	410.30	3,077.15	18,463.00	36,925.90	80,000.00
	Other domestic workers					40,000.00
	Potential and Tourists hotel	1,282.15	9,616.10	57,696.75	115,393.50	250,000.00

	Medium Hotels	769.30	5,769.65	34,618.05	69,136.10	150,000.00
	Restaurants, Guest Houses and Bars	666.70	5,000.40	30,002.30	115,393.50	130,000.00
Private Security Services	International or potential security Companies	769.30	5,769.65	34,618.05	69,136.10	150,000.00
	Small companies	512.85	3,846.50	23,078.70	46,157.40	100,000.00
Energy Services	International Companies	2,051.45	15,385.80	92,314.80	184,629.60	400,000.00
	Small companies	769.30	5,769.65	34,618.05	69,136.10	150,000.00
Transport Services	Aviation Services	1,795.05	13,462.55	80,775.45	161,550.90	300,000.00
	Clearing & Forwarding	1,538.78	11,539.35	69,136.10	138,472.20	300,000.00
	Inland Transport	1,025.80		46,157.40	92,314.80	200,000.00
Construction Services	Contractor Class I	1,666.80	12,500.95	75,005.75	150,011.50	325,000.00
	Contractors Class II-IV	1,435.05	10,770.05	64,620.35	129,240.70	280,000.00
	Contractors Class V-VII	1,282.15	9,616.10	5,769.75	115,393.50	250,000.00
Fishing and Marine Services		1,025.80	7,692.90	46,157.40	92,314.80	200,000.00
Other sectors not mentioned above		512.85	38,446.45	23,078.70	46,157.40	100,000.00

Source: WageIndicator 2016 - WageIndicator.org - [Tanzania](#)

3. Conditions of service in the Collective Bargaining Agreements (CBAs)

Collective bargaining agreements is a negotiation process between employees and employers with the purpose of finding common ground on issues such as wages, working hours, rules and other relevant working conditions. Collective bargaining has become a fundamental principle of labour and industrial relations in many economically developed countries. It is a core value of the International Labor Organization (ILO) and is inseparably linked with other core values such as the freedom of association and social dialogue. It is acknowledged that collective bargaining facilitates labour market governance and therefore is a democracy-strengthening factor, and an effective way of attaining decent wages to significantly improve terms and conditions of employment. In the findings in the report, despite Tanzania signing approximately 300 CBAs in various sectors as of today, based on information gathered from TUCTA, it has not been easy to get these data online. This could partly be explained by the level of secrecy and confidentiality of most of these agreements. I found it quite absurd that most trade unions do not disclose the agreements and treat them as confidential. I personally think workers have nothing to lose in displaying these agreements but lose a lot more if they keep the agreements confidential. This is because it may become impossible to figure out if the unions are getting a raw deal out of the agreement. Unions should replicate some

good practices from other countries like Finland, the United States of America and others where these agreements are made available and easily accessed. This report analysis is therefore, based on online data, narrowing down to wages, working hours, general conditions of employment, job security, gender and women issues, HIV/AIDS and skills training.

3.1. Wages

Like I mentioned earlier in this report, in Tanzania, wage rates are determined by the Wage Boards that is constituted in accordance with Labour Institutions Order 2007, these boards take into account the cost of living; level of wages and income in the country; economic development; level of employment; the minimum subsistence level; ability of employers to carry on their businesses; operation of small, medium and micro enterprises; alleviation of poverty; and any other relevant matter while setting up the minimum wages. The Employment and Labour Act 2004, further enacts detailed guidelines for the calculation of wages of an employee who is entitled to hourly, daily, weekly and monthly wage rates. The payment of remuneration to an employee must be in the form of money; not in kind. As a general rule, an employer is not entitled to make any deductions from an employee's remuneration. However, the law is less prescriptive and provides mostly the minimum requirements, which leaves a much wider spectrum for employers and employees to negotiate the terms and conditions of employment and to agree on work standards through CBAs. From information, I gathered from TUCTA, employers and the unions mostly agree to an addition of between 10 Per cent to 20 Per cent increment in wages over the minimum wage set in the sectors in the collective agreements. Provisions in some reviewed agreements state that when government declares a new minimum wage order, which is better than what is stipulated in the agreements, then provisions of the government minimum wage order shall prevail.

3.2. Working hours

Under the Employment and Labour Relations Act 2004, the maximum numbers of ordinary days or hours that an employee may be permitted or is required to work are: six days in any week; 45 hours in any week; and nine hours in any day. The employer shall not require or permit an employee to work overtime, however, in most collective bargaining agreements I reviewed, employees could work a reasonable amount of overtime when required but should not exceed 12 hours under the Law, with employer compelled to pay an employee not less than one and one-half times the employee's basic wage for any overtime worked. I regard to work carried out at night, the employers shall pay an employee at least 5% of that employee's basic wage for each hour they have worked and if the hours worked are overtime hours, then the 5% shall be calculated on the employee's overtime rate. Under the CBAs employers grant Workers paid Festival (public and religious) holidays. These festival holidays are usually announced by government.

3.3. General Conditions of employment

Under the general conditions of employment, the law prohibits employers from employing children who are under the age of 18 years. Of course we have had experiences of child labour in Tanzania, where the employers have employed children without carrying out prior investigation to clarify out doubts of their true age. According to the law, an employer commits a criminal offence should he recruit a minor. The Employment Act further prohibits forced labour. It is considered a criminal offence if committed, where an employer exacts forced labour from a person. Discrimination at a workplace is prohibited by Law, and it is instructive that where discrimination is alleged in any proceedings, the Respondent employer, trade union or employers' association is legally required to disprove the same.

In Tanzania, an employee is also entitled to sick leave for at least 126 days during one leave cycle. The employee is entitled to full wages during the first 63 days of the sick leave. For the second 63 days, the ailing employee is entitled to half wages. The Employment Act further provides for what we may refer to as "compassionate leave", where the employee is entitled to 4 days paid leave in the event of death, sickness of the employee's spouse, children, parents or sibling.

3.4. Job security

The Employment Act 2004 provides conditions for Job security to the employees in the Tanzania. The Law lays a basis for negotiating the collective agreements between employers and the workers organization in the enterprises. Under the Employment and Labour Relations Act 2004, it is unlawful for an employer to terminate the employment of an employee unfairly. A termination of employment by an employer is unfair if the employer fails to prove- that the reason for the termination is valid; that the reason is a fair reason related to the employee's conduct, capacity or compatibility and is based on the operational requirements of the employer.

3.5. Gender and women's issues

In most of the concluded CBAs I reviewed, maternity leave is one key gender and women issue that cuts across. This is so because the Employment and Labour relations Act 2004, provides for Maternity Leave, where female workers are entitled to at least 12 weeks (84 days) as a minimum requirement. A pregnant worker has to notify her employer three month before her maternity and provide medical certificates. Her maternity leave is fully paid for by the employer. Another important women issue I came across in the reviewed agreements was the prohibition of pregnant employees working at night shifts.

3.6. HIV/AIDS

Some of the important issues placed forward in the collective agreements in regards to HIV/AIDS is the need for a strengthened partnership between the employers and the trade union at the work place to ensure that the National policy on HIV and AIDS is implemented, especially: to provide education and knowledge that HIV and AIDS is a National disaster which will erode the work force if not stopped, and that HIV/AIDS has no cure; that an employee infected with HIV and AIDS has the right to employment; that employees should be sensitized and trained to create awareness on voluntary counseling and testing and ensure that there is confidentiality on results so that there is no negative impact on their status in the workforce; Employers must provide free access to protection gears (condoms) to its employees to prevent the spread of HIV/AIDS at the workplace and proper systems to access them; employees with HIV/AIDS should be given every assistance to obtain ARV's and be facilitated to obtain nutritional supplements during the period they are on medication; and provide employees with reasonable accommodation that will not leave them at a risk of contracting or spreading the disease.

3.7. Skills training

The CBAs have provisions for building the capacity of employees within an enterprise. Some employers are sending their workers for further studies with in the country and abroad, with a view to build their technical knowhow in their respective fields within the organizations/enterprise. In some instances, employees have signed contracts to return and work with the same employers after these trainings. Some CBAs have in house arrangements, where the employers send their workers to vocational training institutes for specialized trainings to acquire more knowledge and skills after a time period, in most cases two years. This is often the case in hospitality sector.

4. Conclusion & Recommendations

Findings by this study show that the most important limitations to effective collective bargain agreements in Tanzania have been the lack of capacity, knowledge and expertise of the social partners about CBAs. The challenge of social partners translating their commitments within the collective bargaining into reality is hampered by the insufficient institutional capacity. The level of secrecy or confidentiality by the trade unions of these agreements underscores the fact that the social partners need to be sensitized more on collective bargaining in the country. They also need to become more familiar with the labour laws' (Employment and Labour Relations Act, 2004) especially nine paragraphs in Part VI which covers collective bargaining.

The CBAs in some instances have been a positive addition above the existing legal provisions in the Employment and Labour Act 2004. However, there are still some employers who still view these standards as maximum and not minimum standards. It is on this basis that I recommend: sensitizing of social partners to raise awareness of the importance of collective bargaining agreements in improving the welfare of workers; restructuring of the institutional framework for effective performance of social dialogue in the country; enhance negotiating skills of tripartite partners, including joint trainings between employers' and workers' organizations; provide a permanent and independent secretariat, with its own budget lines, for the Labour, Economic and Social Council (LESCO) and Labour Advisory Board (LAB) , to effectively carry out their mandates; Provide information of the concluded collective bargaining agreements and expose some of the raw deals workers may be getting out of some agreements; use the media to create an understanding on Collective Bargaining in the country.

5. References

- Employment and Labour Relations Act, No.6 (2004)
- Employment and Labour Relations (Code of Good Practice) Rules (2007)
- ILO (1999): Collective Bargaining: a fundamental principle, a right, a Convention; A working Manual, ILO, Geneva.
- Labour Organisation,(2000). Collective Bargaining Geneva, ILO, 123pp
- Wage indicator database <http://wageindicator-collective-agreements-database.silk.co/>
- LO-FTF Council <http://www.ulandssekretariatet.dk/content/landeanalyser>



Prepared by ALREI and WageIndicator Foundation, Amsterdam/Lome