

Michael Gondwe: Collective bargaining

Remarks by Dr Michael Gondwe, Governor of the Bank of Zambia, at the official opening of the Zambia Union of Financial and Allied Workers (ZUFIAW) Negotiations Forum – Phase 1, Lusaka, 20 March 2012.

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- The ZUFIAW President, Mr Cephas Mukuka
- The General Secretary of the Zambia Union of Financial Institutions and Allied Workers (ZUFIAW), Mrs Joyce Nonde Simukoko
- The Executive Secretary of Federation of Free Trade Union in Zambia, Mr Lyson Mando
- The Representative from the International Labour Organisation
- Workshop Facilitators
- Distinguished Participants
- Ladies and Gentlemen

I wish to welcome you all to this important Workshop, on **Collective Bargaining**, organized by the Zambia Union of Financial and Allied Workers (ZUFIAW). Let me take this opportunity to commend ZUFIAW for taking the initiative to organise this Forum, which is intended to facilitate exchange of information and views on aspects of effective collective bargaining.

Mr President, as you are aware, in spite of the recent global economic crisis, our country has continued to enjoy relative macroeconomic stability, with favourable prospects for the future.

As a result of consistent implementation of appropriate macroeconomic policies:

- i. The country has registered positive real GDP growth averaging 6.5% annually since 2007. This is a necessary condition for poverty reduction efforts;
- ii. Inflation and exchange rates developments have also been favourable. Inflation has fallen to single digit, while the exchange rate has remained relatively stable. In 2011 inflation closed at 7.2% from 7.9% in 2010. In February 2012, inflation was recorded at 6.0%;
- iii. The financial sector has also recorded tremendous growth since the commencement of liberal economic and financial policies in the early 1990s; and
- iv. Equally, positive developments have been registered in the payment systems.

I must caution though that sustaining macroeconomic stability remains a key challenge in the face of a weak global economic outlook and limited domestic resources. It is important that we all keep an eye on economic developments with a view to striking a balance between wealth redistribution on one hand and sustaining the required investment and economic growth on the other.

Ladies and gentlemen, in the recent past, we have witnessed a number of work stoppages as workers press for increased remuneration. In this regard, I wish to urge the Union leadership to be wary of sparking a wage price spiral because this may cause a rise in inflation. As you may be aware, high inflation is detrimental to our economy because of the following reasons:

- i. Makes Planning difficult for economic agents;

- ii. Companies and consumers are unable to draw up effective investment and expenditure plans;
- iii. Government is also unable to make good projections of revenue collections and thus unable to effectively plan its current and capital expenditures;
- iv. Relative prices are distorted leading to inefficient allocation of resources;
- v. High Cost of Investment as interest rates skyrocket;
- vi. Savings propensity is low as savers are discouraged by negative real interest rates;
- vii. In an inflationary economy, interest rates are high and borrowing for investment is inhibited, which leads to:
 - Limited access by productive (private) sectors to investment funds;
 - Low investment, output and employment; and
 - Lesser impact on the social sectors.

Ladies and gentlemen, as you share thoughts in this workshop, allow me to underscore the importance, we at the Bank of Zambia attach to capacity building programmes for all employees in the financial sector. I am reliably informed that during the workshop you will cover a number of important topics including the following:

- i. Analysing the framework for collective bargaining and exploring new trends in collective bargaining;
- ii. Enhancing negotiation skills and knowledge base of Union Officials; and
- iii. Developing a pool of professional union negotiators in ZUFIAW.

I am fully aware that some of the topics that you will be discussing during this Forum may not be entirely new to you, but I firmly believe that they may be necessary for purposes of reinforcing what you already know. I therefore, urge you all to take keen interest in all the deliberations if you are to realise the full benefit of the workshop.

Mr President, no company can sustainably grow if it does not provide mechanisms by which employees can influence their working lives. Labour is more than a commodity. Unlike non-living factors of production, such as, machinery and raw materials, the work of human beings raises questions about the impact of work and work relations.

As you review your collective agreement frameworks, I wish to remind you that there are a lot of common interests and important interdependencies between employers and employees despite the apparent conflicting interests. For instance firms need workers and workers need jobs.

Ladies and gentlemen, there can be no true bargaining without prudent and effective leadership on either side of the table. This kind of leadership is required for us to achieve our collective objectives. We are desirous of seeing a Union leadership, which is well-informed and constantly upgrading their leadership skills for the attainment of organisational goals and workers welfare.

In conclusion, I wish to once again implore you to actively participate and take a keen interest in the deliberations of this Forum. It is my expectation that you will have an opportunity to carry out an appraisal of your individual and collective skills and how they impact upon the job market and workers welfare in the financial sector.

With these remarks, **Ladies and Gentleman**, I declare this Forum officially open.

I Thank You