

DEVELOPED COUNTRIES HAVE STANDARD NATIONWIDE MINIMUM WAGE

Minimum wage law hangs in balance

On February 19, the Minimum Wage Bill was finally passed by Parliament. There is only one step for it to become law – an assent by the President, writes Hannington Mutabazi

The Bill, which was championed by Workers' Member of Parliament Arinaitwe Rwakajara first surfaced in 2013 when he sought leave of Parliament to prepare it (the Bill).

It was first presented on the floor of Parliament in 2015. He said the aim was to improve the livelihoods of employees in Uganda.

The Bill seeks the establishment of minimum wage boards by the labour minister, mechanisms for determining minimum wages for each sector, duties, powers and functions of the board and the procedures for determining the minimum wage.

The minimum wage determination mechanism provides for two mechanisms, public and private mechanisms.

Under the public wage determination mechanism, the minimum wages are determined by the board and apply to a given sector, while in private wage determination mechanism, parties agree contractually to a minimum wage that is applicable to them, as long as the wage is reviewed every two years and should not be lower than the minimum

**UGANDA
LAST SET
A MINIMUM
WAGE OF
SH6,000 PER
MONTH, IN
1984**

wage determined for that sector.

According to the Bill, if an employer pays less wages than the statutory minimum wage, he or she commits an offence and is liable, on conviction, to a fine not exceeding 500 currency points, which is equivalent to sh10m for each offence or imprisonment for a term not exceeding three years or both.

Uganda last set a minimum wage of sh6,000 per month in 1984, which has remained in force to this day. The Minimum Wage Advisory Council in 1995 recommended a sh75,000 minimum monthly wage for unskilled workers, which has never been implemented.

A minimum wage is the lowest amount of money a worker can be legally paid for his/her work.

Most countries, especially developed countries have standard nationwide minimum wage that is a starter for



Workers in a mattress factory. Owere says some workers have been exploited by their employers because there is no standard wage for them. He is optimistic that if the wage is in place, workers will earn according to their input

every employee.

Threat to Investors?

During a recent visit to commission some factories in Mukono district, the President said the minimum wage Bill cannot be signed into law before the country overcomes urgent demands on the road to industrialisation.

He said Uganda needs to first achieve a reduction in electricity prices, work on the high interest loans that are currently offered by commercial banks.

The President expressed concern that such a law could scare away investors because of the high labour costs they would have to incur.

What others say

Wilson Usher Owere, the chairperson of National Organisation of Trade Unions (NOTU), said he is still hopeful that the President will sign the Bill into law.

According to Owere the President had some concerns with the way the Bill was framed. He said the President is keen on increasing the number of jobs available to Ugandans and assenting to it in its current state may have the opposite effect.

He, however, said as workers' representatives, they had explained to the President the importance of the Bill and how it will improve the lives of workers through savings and better earnings.

"Workers have been exploited by their employers because there is no standard wage for the employees. However, when the wage is in place, workers will earn according to their input," he said.

Owere believes that with the law in place, the gap between employers and the employees will be bridged.

"The world is changing and more investments are coming up, like in the oil and gas sector, airlines and infrastructure. The country is

developing and the workers should progress through such laws," Owere said.

Former Workers MP Joram Pajobo said the Government, for a long time, has failed to consider the workers' plight, even after a lot of effort from their representatives.

Pajobo recalls that he was once on a minimum wage advisory committee that was constituted by the labour minister three years ago, which proposed a minimum wage of sh136,000. He says he was

disappointed that the proposal was not adopted.

"It is difficult to decide the minimum wage because the cost of living is high. However, according to me, sh200,000 will be fair to elevate the living standards of workers," Pajobo says.

Pajobo says although the Minimum Wage Bill was passed by Parliament, it has to be implemented by another arm of government.

The chief executive officer of Japotech Solutions, Paul Onek,

says the passing of the Bill is fair to workers since most are given a low pay.

Onek says although the Bill affects most employers' budgets, he believes they will adjust, since they pay taxes. He adds that with the law in place, employees will be motivated to work, knowing they are no longer exploited.

He also believes that such a law will not scare away real investors, but will chase away incompetent ones, who depend on tax exemptions.



Kinyara Sugar Limited recognizes that the relentless effort and commitment of Staff plus the farming community partnerships have continuously led to tremendous growth of the organization.

As the Country Celebrates International Labour Day, We pledge to continue improving the partnerships.

Kinyara Sugar - Irresistibly Sweet!

**HAPPY
LABOUR DAY**

01.MAY.2019

Plot 31, Block 9 & 10, Bujenje, P.O. Box 179, Masindi Uganda. Tel: +256 362 600200

Kampala Office: Plot No. 41/45 5th Street, Industrial Area,

P.O. BOX 7474 Kampala - Uganda. Tel: +256 772 221520

KinyaraSugarLtd



Workers MP Rwakajara