



Minimum Wage Report

MALAWI

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Minimum Wage In Malawi

As in many other countries, Minimum Wage has played a crucial role in Malawi in determining salary and wages in workplaces. The Minimum Wage has been set for a number of reasons, but primarily to improve the living conditions of workers.

Malawi's Employment Act of 2000, part VII section 54 says Minimum Wage is the level at which the minimum salary or wages should be paid. Thus anyone paying below this set wage is contravening the law and is subject to prosecution under the laws of Malawi.

The Employment Act 2000 says in Section 55-(1) on abatement of Minimum Wages set under section 54 that they shall not be subject to abatement provided that collective agreements may provide for wages which exceed the Minimum Wages.

The Employment Act 2000 says in Section 55-(2) that any employer who pays wages in contravention of subsection (1) shall be guilty of an offence and liable to a fine of 50,000 Malawi Kwacha and to imprisonment for 10 years.

Consultation

The Employment Act 2000 says on the setting of Minimum Wages in section 54 -- (1) that if the Minister of Labour is of the opinion that it is expedient to fix the Minimum Wages of any group of wage earners, shall consult with organisations of workers and employers relevant to that group of wage earners (among them the Malawi Congress of Trade Unions (MCTU) and the Employers Consultative Association of Malawi) as to the appropriate level of Minimum Wage to be prescribed.

According to MCTU, the Minimum Wage review is based on rural, urban and national inflation.

The Employment Act further says that the Minister of Labour may, after the consultations referred to in subsection (1), publish in the Gazette a wages order prescribing the Minimum Wages to be paid to the group of wage earners to which such wages order applies.

Considerations

According to Section 54 (3) of the Employment Act 2000, in prescribing Minimum Wages, the Minister shall, as far as possible, consider:

The needs of workers and their families, the general level of wages, the cost of living, social security benefits and the relative living standards of other social groups.

Economic factors, including the requirements of economic development, levels of productivity and any effect the wage might have on employment.

Minimum Wages levels

In Section 54 (4) the Employment Act says the minister shall, in consultation with representative organisations of workers and employers, as mentioned above, reconsider the levels of Minimum Wages at least once every three years and that the minister shall consult with representative organisations of workers and employers at any time he is of the opinion that the procedure for setting wages set out in this section should in any way be modified.

Minimum Wage Rates

Cites	Minimum Wage Per day (amount)
Urban (Cities)	K129.30
Rural (Districts)	K98.00

Minimum Wage Legislation

Frequently Asked Questions

1	Is there a separate legislation relating to minimum wages in Malawi?
	As per Law: There is no separate legislation on minimum wages in Malawi. It is one of the provision under Employment Act, 2002 regulated by articles 54 & 55.
2	Do one or more minimum wages exist that is/are determined by law?
	As per Law : In Malawi, there exist two legal minimum wage rates. (reference: WageIndicator website)
3	At what level are minimum wages determined at?
	As per Law: Since legal minimum wages in Malawi do not vary by region, they are declared at the national level. (Reference: WageIndicator website). Legal minimum wages in Malawi are declared for two sectors - a) Urban sector b) Rural sector (reference: WageIndicator website)
4	On what basis is minimum wage calculated?
	As per Law: Legal minimum wages in Malawi are declared on daily basis. (reference: WageIndicator website)
5	In case of weekly/monthly minimum wage, are they based on any fixed number of hours?
	As per Law: Normal working hours for an employee is 48 hours a week comprising of six consecutive work days. (article 36 of Employment act)
6	Are governmental bodies, employer and/or trade union representatives involved in minimum wages setting?
	As per Law: Ministry of Labour, Ecama (Employers Association of Malawi) and Malawi Congress of Trade Unions. According to article 54 (1) of the Employment Act, 2002 the Ministry of Labour shall fix minimum wages for any group of wage earners, in consultation with organization of workers and employers relevant to the group of wage earners.

Minimum Wage Legislation

Frequently Asked Questions

7	How are upratings (adjustments) of minimum wages decided upon?
	As per Law: Minimum wages upratings or adjustments are decided Jointly by government, employer and trade union representatives. According to article 54 (1), (4) & (5) fixation, revision or even modification of any procedure for setting minimum wages, shall be done by Ministry in consultation with the representatives of workers and employers.
8	Which are the components of minimum wage in Malawi?
	As per Law: It is only fixed component according to the Employment Act 2000.
9	How frequently is the fixed component of minimum wage updated?
	As per Law: According to article 54 (4) of Employment Act, 2002 the ministry shall, in consultation with representatives of workers and employers, reconsider the level of minimum wages atleast once in every three years.
	In Practise: Currently it is reviewed each year although the act provides that it has to be reviewed after every 3 years or if the inflation rate has gone up to 20%. However from 1994 Malawi has not had a serious salary increase despite the economic woes and low wages hence the social partners agreed to review yearly as a means of continually reviewing the wages so that we are able to reach a break even point. As we write we are way too far interims of economic growth and the levels of our earnings. Section 54 employments act
10	What is/are the yardstick/s on which minimum wage upratings are based?
	As per Law: The Employment Act no 54 (3) says in prescribing minimum wages, the Minister, as far as possible, consider - a) the needs of workers and their families, the general level of wages, the cost of living, social security benefits and the relative living standards of other social groups and b) economic factors, including the requirements of economic development, levels of productivity and any effect the wage might have on employment.

Minimum Wage Legislation

Frequently Asked Questions

11	What is the national poverty line? (In national currency)
	As per Law: Poverty data mum is 1.25USD (K193.75) a day according to statistics provided by the Malawi Congress of Trade Union and Ministry of Labour.
12	How often is poverty line updated?
	As per Law: Poverty line is updated at irregular time lags. It however takes time to be reviewed in this is clearly shown through the last time it was updated in 2009.
13	When was poverty line last updated? (Specify YYYY/MM)
	As per Law: Poverty line was last updated on 2009/12 (This is according to the National Statistics office in Malawi.)
14	What is the percentage of minimum wage relative to the current poverty line?
	As per Law: The percentage of minimum wages relative to the current poverty line is 67%. Poverty datamum line is 1.25 USD (K193.75) a day and our minimum wage is K129 a day.
15	How is minimum wages compliance regulated?
	As per Law: According to article 8 (5) of the Employment Act, 2002 the Act shall be enforced by Labour Officer acting subject to the directions of Labour Commissioner, who is responsible for effective administration and application of the Act. Law does not provide clear explanation on this provision.
	In Practise: It is basically the duty of Trade Unions to look into the issue of compliance as well as the government.
16	Which legal sanctions can be applied in compliance is lacking?
	As per Law: According to article 55 (2) of Employment Act, 2002 any employer who pays wages less than statutory minimum wage shall be guilty of an offence and liable to a fine of K50,000 and to imprisonment for ten years.

Minimum Wage Legislation

Frequently Asked Questions

17	Are sanctions often being applied?
	As per Law: Not Applicable as per law
	In Practise: This basically comes when employees complain to Industrial Relations Court.
18	Are employer and/or trade union representatives involved in compliance procedures?
	As per Law: Law does not provide any explanation in this regard.
	In Practise: They normally sit down and discuss to come up with better means.
19	To whom/Where can individuals complain, if they think they are earning less than minimum wage?
	As per Law: According to article 64 (2) of the Employment Act, 2002 any person alleging the violation of a provision of this Act may file a complaint with the District Labour Officer. As per article 64 (4) trade unions can also represent a person having dispute or alleging violation of a provision of this Act. As per article 64 (3) of the Employment Act, 2002 person can also present complaint to the Court.

- ▶ **Indian Institute of Management**
Vastrapur
Ahmedabad -380 015
India
- ▶ **Amsterdam Institute for
Advanced Labour Studies (AIAS)**
University of Amsterdam
Plantage Muidersgracht 12
1018 TV Amsterdam
The Netherlands
- ▶ **WageIndicator Foundation**
Plantage Muidersgracht 12,
1018TV Amsterdam,
The Netherlands
office@wageindicator.org