

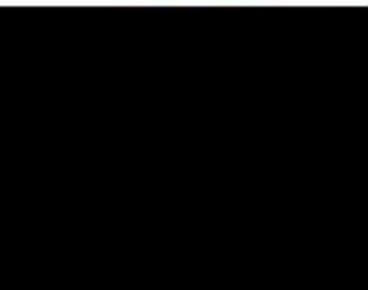
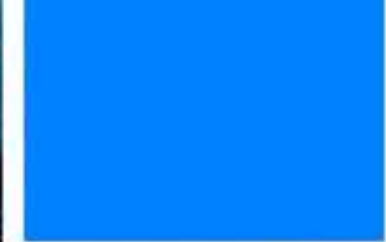


**ASIA
FAIR
TRADE
2016**



**Living Wage
– A Road to
Sustainable
Livelihood**

Assad Bajwa





Living Wage – A Road to Sustainable Livelihood

Assad Bajwa

Board Member

Network of Asia & Pacific Producers



What is Fairtrade?

1. **Fair Wages/Fair Price**
2. **Premium**
3. **Worker/Community Development**

Fair Wages? In General

Should be Sufficient for

1. Healthy Food for Worker Family



2. Education of Children



3. Healthcare





FAIR WAGES/LIVING WAGES

- Scope: Punjab Province
- Determination of Family Size: HIES 2013-14(Bureau of Statistics)
- Food Basket : HIES 2011
- Earners per Family: SAI Guide lines
- % age of Spending on Food & beverage: HIES 2014
- Equation=[Rs.Food Basket x 1/%age spending on food)x(.5xfamily size)x100%]
- Inflation 2012, 2013 and 2014: Pakistan Economic Survey Chapter 7



GUIDELINES

- FAIRTRADE INTERNATIONAL
- SAI
- WRAP GUIDELINES
- Local Law (Min Wage 1961, IRO)





FAIR WAGES/LIVING WAGES

CHANGING COST OF FOOD BASKET

YEAR	INFLATION	REFERENCE	FOOD BASKET
2015-2016	2.86	PBS Press release June, 2016	PKR. 2520
2014-2015	4.53	PBS Press release June, 2015	PKR. 2451
2013-2014	8.62	PBS Press release June, 2014	PKR. 2345
2012-2013	7.75	PBS Online Data 2013	PKR. 2159
2011-2012	11.01	PBS Online Data 2012	PKR. 2003
2010-2011	13.66	Food Basket Report GOP	PKR. 1805



FAIR WAGES/LIVING WAGES

Average Household Size

HIES 2013-14 Punjab (Rural)	6.18	
Food Basket/Person	PKR. 2520	%AGE TO MONTHLY FAMILY INCOME
Monthly Exp on Family Food	PKR. 15573	48
Housing, Clothing, education, festival etc	PKR. 16146	50
Reserve Income in hand	PKR. 3875	12
Total	PKR. 35523	110
Earners per family		02
LIVING WAGE PER	INCOME EARNER	PKR. 17761



My Experience of Calculating and Using Fair Living Wage.

- Fair Trade e.V, TransFair Italy
- SAI requirement
- Criticism from peers for enhancing market wages
- Satisfaction of Workers and Families
- Commitment of workers



Model I Used:

- Based on Local Research of consumer trends
- Surveys conducted in workers community
- PBS(Pakistan Bureau Of Statistics) publications
- Anker Model



FAIR WAGES/LIVING WAGES

PAYMENT OF LIVING WAGE (HL) SIALKOT-PUNJAB

Minimum Wage Punjab 2016	PKR. 14000	Per Month
Transportation to Factory	PKR. 2200	Per Month
100% Subsidy on Lunch	PKR. 1500	Per Month
Healthcare to Family members	PKR. 600	Per Month
Education Assistance	PKR. 200	Per Month
Total	PKR. 18500	Per Month
Earners per family		02
LIVING WAGE PER	INCOME EARNER	PKR. 17761



Progress Made Toward Paying Fair wage

- Practicing since 1998
- Evaluating regularly(CPIs, Local Markets)
- Industry Bench Marks
- Govt. Wage Board



EDUCATION ASSISTANCE (PART OF LIVING WAGE)



FLO ID 1629-TALON SPORTS (PVT) LTD. Education Assistance 2012



EDUCATION ASSISTANCE (PART OF LIVING WAGE)



FLO ID 1629-TALON SPORTS (PVT) LTD. Education Assistance 2013



EDUCATION ASSISTANCE (PART OF LIVING WAGE)



FLO ID 1629-TALON SPORTS (PVT) LTD. Education Assistance 2014



EDUCATION ASSISTANCE (PART OF LIVING WAGE)





EDUCATION ASSISTANCE (PART OF LIVING WAGE)



FLO ID 1629-TALON SPORTS (PVT) LTD. Education Assistance 2013



EDUCATION ASSISTANCE (PART OF LIVING WAGE)



FLO ID 1629-TALON SPORTS (PVT) LTD. Education Assistance 2014



EDUCATION ASSISTANCE (PART OF LIVING WAGE)





MEDICAL ASSISTANCE (PART OF LIVING WAGE)



Bike accident, Broken Jaws
Rehabilitated through Orthodontic
Procedures





EDUCATION ASSISTANCE (PART OF LIVING WAGE)

Brain Surgery
Removal of Tumer





EDUCATION ASSISTANCE (PART OF LIVING WAGE)

Son of a football stitcher
Neuro Surgery





EDUCATION ASSISTANCE (PART OF LIVING WAGE)



Polio Rehabilitation



EDUCATION ASSISTANCE (PART OF LIVING WAGE)



Open Heart Surgery



PROGRESS MADE TOWARD PAYING FAIRWAGE

- Ensured Minimum Wage (Govt announced)
- Gap Calculated (Min Wage Vs Living Wage)
- Made Up through
 - Lunch/Transport
 - Education Assistance
 - Healthcare

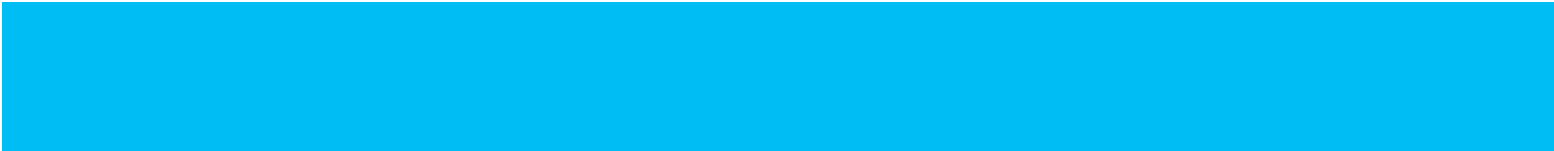


Challenges to do

- Sustainability in Fairtrade Sports Ball Business
- Global competitiveness with non compliant producers



QUESTIONS



Wages include all types of;

Remuneration in monetary terms,

+

COLA

Any other allowance but do not include value of house accommodation,

Travelling allowance,

Contribution to the pension or provident fund and gratuity.



Characteristics of Fair Wage

It must be;

Legal

Sufficient

Available

Regular

In time



VARIOUS DEFINITIONS

Payment of Wages Act

IRO 2010

ITO 2001



12. Salary.— (1)
Any salary received
by an employee in a
tax year, other than



PAYMENT OF WAGES ACT 1936

- [(vi) "wages" means all remuneration (whether by way of salary, allowances or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, and includes--
- (a) any remuneration payable under any award or settlement between the parties or order of a Court;



PAYMENT OF WAGES ACT 1936(2)

- (b) any remuneration to which the person employed is entitled in respect of overtime work
- or holidays or any leave period;
- (c) any additional remuneration payable under the terms of employment (whether called a bonus or by any other name);
- (d) any sum which by reason of the termination of employment of the person employed is payable under any law, contract or instrument which provides for the payment of such sum, whether with or without deductions, but does not provide for the time within which the payment is to be made;
- (e) any sum to which the person employed is entitled under any scheme framed under any law for the time being in force;

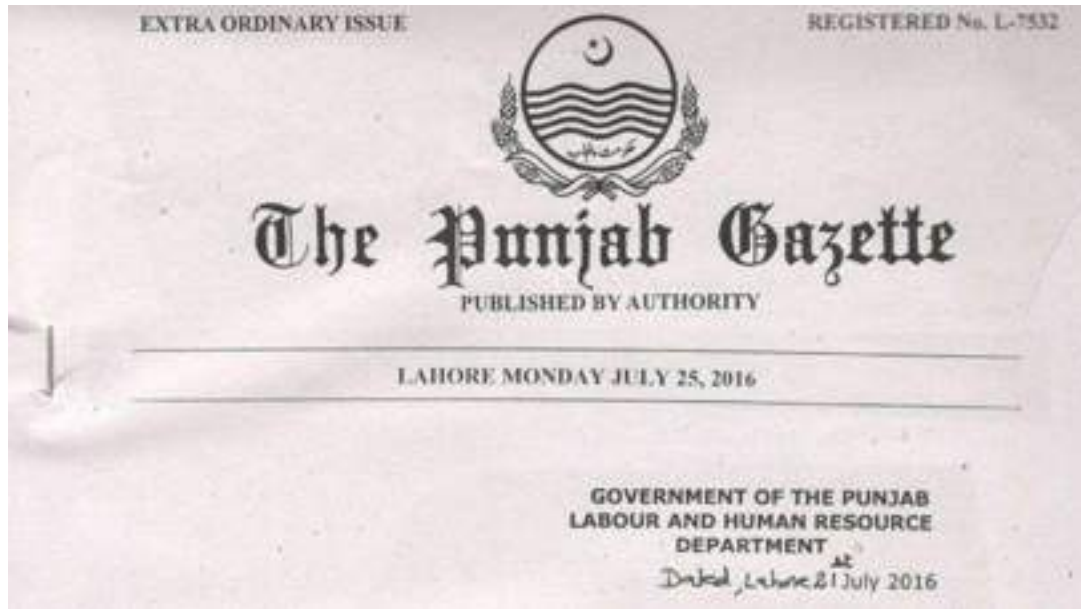


IRO 2010

- Includes Wages/salary, benefits.



LAW OF THE LAND





Fairtrade & Fair Wage

Your company must set wages for workers and other conditions of employment according to legal or CBA regulations where they exist, or at

Your company must specify wages for all employee functions and employment terms, such as piecework (Hired Labour, 3.5.1)



Fairtrade & Fair Wage

Your company must not make deductions from salaries unless they are permitted by national laws, fixed by a collective bargaining agreement or the

For work based on production, quotas and piecework, during normal working hours, your company must pay the equivalent to average hourly waged work



Fairtrade & Fair Wage

If remuneration (wages and benefits) is below living wage benchmarks as established by Fairtrade International, your company must ensure that **real wages are increased annually to continuously close the gap with**

Wage increments must be negotiated with elected worker representatives considering the living wage. (Hired Labour, 3.5.3)

Your company must make payments to workers at regularly scheduled intervals and must document the payments with a payslip containing all necessary information. Payments must be made in legal tender.



ILO Conventions & Fair Wage

Wages shall be paid in legal tender at regular intervals; in cases where partial payment of wages is in kind, the value of such allowances should be **fair** and

Requires ratifying states to establish a minimum wage fixing machinery capable of determining and periodically reviewing and adjusting minimum wage rates



Pakistan Laws & Fair Wage

**The
Payment
of Wages
Act, 1936 is
applicable to any
railway
administration,
commercial or industrial
establishment. This law is
applicable to all employees**

**The Minimum Wages Ordinance, 1961
is applicable to all industrial
establishments' employees (whether
skilled, unskilled or apprentices and even
domestic workers) but excludes those of Federal
or Provincial governments, coalmine employees or**



Pakistan Labor Policy

**Women Workers & Fair
Wages**

**Women
workers
will**



Wages Period

Wages can be paid on daily, weekly, fortnightly or monthly basis. However, a wage period can't exceed a month (Section 4)

The Payment of Wages Act, 1936 regulates the payment of wages to all classes of workers. Section 4 of the Act stipulates that wage period shall not



Minimum Wages

The minimum wage rate for unskilled workers is Rs.14,000 per month in the provinces of Punjab, Sindh and Balochistan as well the Islamabad Capital Territory.

These minimum wage rates are applicable from 01 July 2016

Minimum wages for semi-skilled and skilled workers are determined by the Minimum Wage Boards constituted under the Minimum Wages Ordinance, 1961