

THE LAW GOVERNING SOCIAL SECURITY
SCHEMES IN ZAMBIA

By

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A dissertation submitted to the University
of Zambia in partial fulfilment of the
requirements for the degree of Master of Laws.

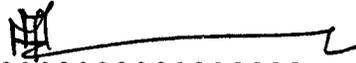
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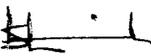
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DECLARATION

I JANICE SLAIGHTER MUNSAKA do solemnly
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my own work which has not previously been
submitted for a degree at this University
or another University.

Signed:.....~~Janice~~.....
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DEDICATION

This work is dedicated to
my Son,

MUTUURUNGE

ACKNOWLEDGEMENTS

It took a tremendous effort to complete this work and I wish to express my thanks to all those who helped me in one way or the other to bring it to completion.

First and foremost, I would like to sincerely express my heartfelt gratitude to Professor L S Shimba of the Law Faculty under whose supervision this work was undertaken, for his guidance and constant encouragement, for reading my work time and again, and for having allowed this work to be what it is.

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However, I remain solely responsible for any errors or defects that are to be encountered in this work.

ABSTRACT

For years now everyone has known that most of the elderly people have suffered from serious economic deprivation, that their incomes were inadequate, that inflation exacerbated the situation by reducing real incomes and eroding savings, and that the aged were one of the largest poverty groups in the country. The situation is more complex due to the nation's negative response to the economic plight of the elderly. Security in old-age has become one of the most pressing problems needing solutions.

That the greater part of the population is exposed to the evils of want and dependency in old-age is a problem prevailing in Zambia today. Men and women are left destitutes and neglected after a life time of useful activity to the economic development of Zambia. Zambia has however, attempted in a variety of ways to implement certain laws so as to mitigate the lot of the aged poor yet this problem still eludes a radical solution.

This dissertation is a study of social security schemes in Zambia which have been launched and implemented in an attempt to alleviate the social and economic plight of the poor.

The importance of this study is underlined by the fact that Zambia, like any other country possess social security legislations but that such legislations have proved to be inadequate in meeting the desired goals and expectations. The dissertation examines a number of different statutes providing social security in Zambia and their appropriateness or otherwise to the conditions of modern Zambia.

The work is divided into five Chapters. Chapter One is more of an introductory chapter, discussing the problems that are found in trying to give an internationally accepted definition to the concept of social security. Chapter Two gives an historical background to the social security schemes dating way back during the Colonial rule in Zambia (then known as Northern Rhodesia).

Chapter Four examines the feasibility of a Comprehensive national security scheme whereby every citizen could be covered and not only those in regular employment. Here some relevant experience drawn from other countries are examined and assessed.

Chapter five is a summary and conclusion.

TABLE OF CONTENTS

TITLE
DECLARATION
DEDICATION
ACKNOWLEDGEMENTS
ABSTRACT

CHAPTER ONE

<u>THE CONCEPT OF SOCIAL SECURITY</u>	<u>PAGE</u>
1. Definitional Problem of the Concept of Social Security.	1
2. An attempted Definition of Social Security in the Context of this inquiry.	5
3. Aims and objectives of Social Security.	6

CHAPTER TWO

<u>HISTORICAL BACKGROUND TO THE DEVELOPMENT OF SOCIAL SECURITY IN ZAMBIA</u>	
1. Social Security in Traditional African Societies.	11
2. Social Security during the Colonial era.	12
3. Social Security Measures after Independence.	16

CHAPTER THREE

<u>LEGAL FRAMEWORK UNDER WHICH SOCIAL SECURITY SCHEMES OPERATE IN ZAMBIA</u>	
1. Array of legislation	
A. Pension funds and Schemes managed by the Zambia State Insurance.	23
B. Individual Life Assurance Schemes.	27
C. The Zambia National Provident Fund.	29
D. The Workmen's Compensation Act.	31

E. The Local Authorities Superannuation Fund.	33
F. The Civil Service (Local Conditions) Pensions Act.	34
2. An Evaluation of the Law: Agenda for Reform.	35
3. Critical Analysis of the Administrative arrangements of Social Security.	40

CHAPTER FOUR

THE FEASIBILITY OF A COMPREHENSIVE NATIONAL SECURITY SCHEME

1. Need rfor Social Protection in rural areas.	46
2. Constraints in introducing Social Security Schemes in rural areas.	49
3. Method to be adopted.	51
4. Finance of the Scheme.	54
5. Benefits to be provided.	55

CHAPTER FIVE

<u>CONCLUSION</u>	60
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CHAPTER ONE

THE CONCEPT OF SOCIAL SECURITY

1. Definitional Problems of the Concept of Social Security

There have been a number of International Instruments that have been adopted since 1948 stating the importance and necessity of social security. Some have been regional in scope while others have been universal like the Social Security (minimum standards) convention, 1952 (No. 102) which was adopted by the International Labour Conference in 1952. There is also the International Covenant on Economic, Social and Cultural Rights, unanimously adopted by the United Nations General Assembly on 16th December 1966.¹

The mentioned international instruments show that the need for a social security policy is unanimously accepted in the modern world yet there has been a continuing uncertainty over what is meant by the term "Social Security".

There has been no generally accepted international definition of the concept of 'Social Security'. The International Labour Organisation which has done very valuable work in this field had to declare as early as 1949 that "there does not yet exist an Internationally accepted definition of social security".² Also in

1961 the International Labour Organisation further stated that the concept of social security varies greatly from country to country".³ The above stated view is fairly accurate because each country has approached the problem of social security in the light of its own particular priorities. For example, Britain's social security is governed entirely by a determination to fight unemployment,⁴ while the main aim of Zambia's Social Security is to fight destitution after one retires from employment.⁵

Further, this is understandable in a way because of the uneven social and economic development of societies in different parts of the world. Of course the need for economic protection is universal but the risks against which protection is deemed necessary and the methods adopted to protect against these risks are far from uniform. They differ from country to country.

In the light of what is stated in the preceding paragraphs, it can be seen that several factors affect any attempted definition of social security; the purpose and methods, the principles claimed and the principles actually applied.

In the absence of an Internationally accepted definition of social security, the first step in this study will

social security is supposed to be

although this raises the problem of a theoretical definition. Secondly, it will also be necessary to find out what social security is in reality and this means a brief survey of the existing situation. (This will only apply to the Zambian case which will be dealt with in Chapter Three).

It is now a clearly accepted principle that every human being is entitled to social protection, so much is evident from Article 22 of the Universal Declaration of Human Rights, of 10th December 1948, which states "everyone as a member of society, has the right to social security".

Currently, there are two opposing views as regards the definition of the theoretical content of social security. The first which adopts a very broad definition, is more concerned with the final aim of social security policy than with the actual techniques employed. This is the view taken by Lord Beveridge in affirming that the purpose of social security should be to abolish want by guaranteeing every citizen an adequate income at all times to meet his needs.

Hence, in this case, the objective of social security is to guarantee each person a minimum livelihood through

a better distribution of income, on the basis of his actual requirements.

Those who take this view emphasise the redistribution function of social security. They argue that social security is a policy of income redistribution aimed at modifying the results of the blind interplay of economic forces and at adapting the income of each individual and each family's needs having regard to all the circumstances which may affect such income in the future.⁶

Defined in the way elaborated above, social security is equivalent to income maintenance, i.e. to provide cash benefits to meet certain specified contingencies. Qualified support for this view comes from an American expert who considers the central function of social security to be the provision of a cash income to individuals and families in designated sectors of the population under specified conditions.⁷ A good example would be Britain which is unique in restricting social security to income maintenance, all other countries include at least medical care.⁸

Beveridge's view on the definition of social security has been criticised in other countries as being too narrow. Other countries feel that social security should not merely mean a system of preventing people from dying of starvation but a system which will assure people of full life, a system which will embrace health, education, leisure and culture - all those things, as well as what we have always fought for, food, shelter and a medical service. Beveridge has however, replied to these criticisms by pointing out that his plan was only part of a general programme of social policy.⁹

The second and more limited definition is confined to specific objectives at present pursued by existing security schemes and International Labour Convention No. 102 is an excellent illustration of this approach. The Convention states:-

"Social Security refers to the totality of measures taken by society, in the first place the state, to provide medical care for all and ensure them all of the means for living decently in the event of loss or substantial reduction of their livelihood resulting from circumstances beyond their control".¹⁰

This approach places greater stress on the ways and means of affording protection than on the ultimate objectives and it has the advantage of being

more in keeping with the actual requirements and helps to delineate the field of social security action. But since this definition endeavours to cover what in fact exists, it will have to be modified as the social security schemes themselves are modified.¹¹

This lack of agreement as to the definition of social security has led some people to make a special plea for the use of the term in a "restricted" rather than an "expensive" sense.¹² Similarly the International Labour Organisation having given up the idea of a definition that would be Internationally accepted, formulated three criteria that have to be satisfied before a scheme or service can be considered part of the national social security system. These are:-

- (a) The objective of the system must be to grant curative or preventive medical care, or maintain income in case of involuntary loss of earnings or of an important part of earnings, or to grant supplementary income to persons having family responsibilities.

- (b) The system must have been set up by legislation which attributes specified individual rights to, or which imposes specified obligations on a public, semi-public or autonomous body.
- (c) The system should be administered by a public, semi-public or autonomous body. The third criterion is not always necessary and the International Labour Organisation itself concedes.¹³

2. An Attempted Definition of Social Security in the Context of this Inquiry.

The sole purpose of this definition is to indicate the limits and scope of our study.

The source material to be taken is Article 25 of the Universal declaration of Human Rights which states that "everyone has the right to social security, in the event of unemployment, sickness, disability, widowhood, old-age or other lack of livelihood in circumstances beyond his control".

However, the best definition of what ought to be the specific sphere of social security policy is possibly that given in the income security recommendation adopted by the International Labour Conference as long ago as 1944:-

The range of contingencies to be covered by compulsory social insurance should embrace all contingencies in which an insured person is prevented from earning his living, whether by inability to work or inability to obtain remunerative work, or in which he dies leaving a dependant family, and should include certain associated emergencies, generally experienced, which involve extraordinary strain on limited income, in so far as they are not otherwise covered".¹⁴

Hence, from the above and only for the purpose of this study, social security will be defined as a cash benefit to employees to offer universal protection against all circumstances beyond their control. It is a cash benefit that ensures that no one falls into destitution.

3. Aims and Objectives of Social Security

We have seen earlier on that there was no generally accepted international definition of social security as each country will try to define the term in the light of its priorities. Therefore, it goes without

saying that there are no hard and fast rules as to the desirable goals of social security and that such goals will depend on the social and economic conditions of the country concerned.¹⁵ For example, in Britain, during the period of Industrialism and Capitalism, welfare was to be achieved through personal effort.¹⁶ This was the ideology of repressive individualism. Each individual was free to maximise his own expectations through activities and transactions unfettered by state intervention. There was thought to be work available for everyone who wanted it, and destitution was therefore, seen as resulting not from social or economic forces but rather personal failing.¹⁷

As the country developed there also developed the ideology of liberal individualism and new humanitarian ideas arose. This ideology did not last long as there emerged the ideology of collectivism. This was a rejection of the market system as the method of achieving a just distribution of social welfare. Thus, the social welfare system in Britain was and is still intended to remedy irregularities resulting from the market economy. In Britain therefore, the primary objective of social welfare is the redistribution of resources from the rich to the poor. This objective as a whole can be fully evidenced in the family allowance schemes.¹⁸

In most industrialised countries, the functions of social security are that of preventing social risks, compensation for loss of income in case of social accident, and help in returning to a normal way of life in society. The main action of the system is based on the central pillar of this concept of income compensation which affect the majority of the population drawing a regular income. This however, is not the case in a developing country like Zambia where 90-95%¹⁹ of the population still lives on subsistence economy on the margin of monetary flows. Zambia is therefore, in the presence of two populations in one society - the small minority with a regular income but nothing to fall back on when it is lost and the vast majority with hardly any income at all.

Given these dynamics of the Zambian society, it seems logical that the essential function of the Zambian society is the protection of persons most affected by the process of development. Thus, social security should reach those groups of persons whose traditional way of life has been most affected by the changes brought about by the process of development. Such a group are first and foremost the urban employees.

In Zambia, we therefore, find that the schemes of social security operate mainly, if not exclusively in cities by protecting wage earners only and consequently such schemes sharpen the social inequalities in the nation.²⁰ Hence, a social security system in a country like Zambia should not lose sight of the conditions of the vast majority of the population still remaining outside the monetary economy.

Countries have different arrangements existing side by side designed for different risks or for different classes of persons to be protected. Nevertheless, inspite of these wide differences among countries, the purposes that are intended to be achieved in any social security system are:-

- (a) Generalisation of protection. i.e. extension of protection to all persons against all risks that may threaten them.
- (b) Efficacy of protection i.e. a level of benefits such as they ensure real protection against them; and
- (c) Just equalisation of costs, whether it is a question of contributions or the provision of public funds or any other resources assigned to social security.

Nevertheless, for the purposes of this study on the aims and objectives of social security, we agree with Pechman ²¹ when he says that social security programme is aimed at two related but conceptually distinct objectives. One is to guarantee minimum income support for the aged, disabled and dependant survivors. The second objective is to help moderate the decline of living standards when the earnings of the family head cease because of retirement, disability or death. The case or a social security intended to attain these objectives depends in part on the observed inability of most people to make adequate financial provision for retirement, disability or premature death. Mainly it depends on what appears to be widely shared humanitarian values, that:-

- (a) The aged, disabled and dependant survivors of the deceased's family head should not have to live in destitution, and
- (b) The Government should help protect individuals against catastrophic losses of income.

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CHAPTER TWO

HISTORICAL BACKGROUND TO THE DEVELOPMENT
OF SOCIAL SECURITY IN ZAMBIA

1. Social Security in Traditional African Societies

It is a well known fact that the Zambian society like many other societies, has undergone major social transformations. Before industrialisation, the traditional way of life was for each and every family to live together as a unit usually in a village. Traditionally, the welfare of the young and the aged was a collective responsibility of everyone especially the able-bodied. This collective responsibility did a lot to remove worries and anxieties of the aged. Thus, customary law of the time provided a built-in system of social security - albeit of a rudimentary type but suited to the traditional economic life. Basic necessities such as food, shelter, clothing, etc., were provided by the fit for the unfit and aged members of the group.

Thus, the Zambian feature of social security lay in the tradition of African societies, which were based on group solidarity. In earlier times, the family, the tribe

and the ethnic group accepted responsibility for looking after and caring for its sick, orphaned and aged members.

As a result, the family became an economic as well as a social unit. However, due to the shift from agricultural subsistence economy to a commercial economy, the effectiveness of tribal solidarity was weakened, in particular on account of the drift to the towns. Instead, commercial economy brought about a train of significant changes in the way of life, attitudes and social needs in urban centres.¹ Hence, with industrialisation, the traditional way of life has been weakened. People are emigrating from rural areas to the urban centres in search for jobs leaving behind their families.

2. Social Security during the Colonial Era

During the colonial era, towns were regarded as work-places for Africans and the village was still regarded as home. This was because the Africans went to work in towns only for a contract of about two years and after that they had to go back to the villages. During

the early days, the situation even in towns remained the same. Thus, the urban worker could still rely on his family and friends in the urban centre for basic **social** needs. However, this did not last long because with money, new consumption patterns occurred, new ideas emerged and different cultures evolved. Urbanization eroded the traditional system of mutual aid and support and unfortunately nothing readily emerged to replace the institution of the family as employers had not by and large accepted any responsibility for persons who had ceased to work for them.

Nevertheless, the need for introducing a social security scheme for all races was first raised in the then legislative council in 1958.² The council urged the government to consider the establishment of a contributory old-age pension and benefit for dependant schemes to cover Africans in employment in Urban areas.

This was the time when the Colonial rulers recognised that the problem of destitutes was growing and that the problem was going to continue growing unless something was done. They saw the problem of implementing

for the freedom from want at a stage when, through advancing age, it was difficult to support themselves and dependants. The colonial government of the time had argued that all Africans who came to urban centres, did so of their own free will. They chose to leave their tribal society to come to bright lights of towns, to seek material things and ways and hence, if they and their dependants suffer, it was their own problem to solve and not for the government to do so.

The government went further to say that, if a person who was in an urban area felt that, he wanted to provide for his old-age, he was not prevented from going back to his native district and participating in peasant farming or in the improved farming schemes. The government said land was plentiful, and it formed a guarantee for freedom from want.³

It can, therefore, be seen from the appraisal above that during the colonial period there was no statutory provision for the relief of indigency in old-age as this was regarded as out of the question.⁴ This was so because with regard to Africans, it was considered that

their families would provide them with food, shelter, clothing etc. With regard to Europeans, they had accepted the view that they were only transient income seekers in the territory and not its citizen, on the loss of occupation or income, or if threatened with a large decline in income, they would leave the country either temporarily or for good. In addition to this, it was found that of the population of Europeans employed in the mines, only a handful were elderly and the European population never did seem to offer serious problems of this kind.

However, as years went by, British subjects started to linger in the territory having lost farms or employment and family ties. Others who were employed in the construction of the mines stayed on although they were unfit for alternative employment, for reasons of health or personal defect. These were actually the first Europeans to constitute the core of the problem of permanent destitution. Another problem that led to the increase of destitution in Northern Rhodesia was the closure of the Mufulira mine on the Copperbelt in 1932. British subjects had to be evicted

from the mine houses and the government was forced to find alternative accommodation for them. This was what led to the establishment of the Ndola unemployment camp. The government also had to get funds for relief and to repatriate the British subjects.

Nevertheless, even if there was no compulsory old-age pension scheme in Northern Rhodesia, there was the workmen's compensation run by private companies. Apart from the workmen's compensation, the European population was protected against poverty and insecurity in old-age in the following ways:-

- (a) Through private savings and Insurance: With regard to Africans, even if this facility was available, Africans got wages that were always insufficient to meet their needs and the needs of their families and as such did not give them the opportunity of making an effort to provide for their old-age. Sutcliffe says, Africans did not save because they had no interest in saving for their future until some time in the 1950s.⁵

We however, do not agree with Sutcliffe's statement on account that Africans failed to save because they did not get sufficient wages to spare some money for saving and not because they had no interest in savings. A few Africans could afford to save by 1950 as their working conditions and wages had slightly improved by that time. It is however, true, that in most cases Africans use of banking and saving facilities had been prompted by a desire to safeguard their money from thieves or pestering relatives. Only in a few cases did Africans save money for their own use and their families future.⁶ Therefore, before the 1950s, even if the government operated savings banks that accepted very small deposits, the inadequacy of this approach was obvious. The level of wages and the large families of Africans those days simply left no margin for saving among unskilled African workers. In fact even in the 1950s only a few individuals in that class could bring themselves to save.

With regard to insurance, prior to the Federation of Rhodesia and Nyasaland in 1953, and even a few years

after the Federation in 1963 foreign companies were carrying on the business of insurance in Northern Rhodesia. These companies were all registered in South Africa or England.⁷ British subjects could of course afford to utilize this facility but for the Africans it was not possible for the same reasons advanced in connection with the facility of banking and saving. In addition, we have seen that, in the traditional Zambian society, insurance took the shape of social insurance rather than economic insurance. However, this social insurance became weak because of the development of the money economy and therefore, destroyed the cohesion which kept this form of insurance intact. A few years after the federation had come into being, the federal legislature enacted the insurance Act 1956.⁸

(b) The other facility that was available during the colonial era was that of employment. Large numbers of Europeans belonged to professions or occupations which enjoyed some form of superannuation pension, either contributory or more rarely non-contributory. There was no old-age scheme for Africans laid down by law but the general policy of the government was to encourage

employers to provide such pensions. The government did set up an example for the others to follow by providing a non-contributory pension scheme - African Civil Servants pension regulation. Other non-contributory pensions or gratuity schemes for the benefit of African employees were:-

- (a) Rhodesia Railway. (introduced in 1954)
- (b) Zambezi Sawmills. (introduced in 1954)
- (c) Central African Board Service. (introduced in 1954)
- (d) The Copper Mining Companies. (introduced in 1954)
- (e) The Lever Brothers Rhodesia. (introduced in 1957).

In addition to these schemes mentioned above, some African domestic servants also received pensions from their masters. This was a reward for long and faithful service by a cash pension, or a room to live in, or to rent, or both. But Europeans especially missionaries were suspicious of cash grants to natives on the ground that natives did not know how to spend money wisely.

(c) The last provision that was available for old-age for British subjects was that of additional assistance from relations or from the state. This was during the time of the federation of Rhodesia and Nyasaland. They had a scheme of allowances for non-Africans aged persons proving a degree of need. This was similar to the 1908 old-age pension Act of Britain, where a small cash pension to all persons aged 70 years or over was granted.¹⁰

However, the care for aged Africans was for each territorial government's responsibility. The Northern Rhodesia government did assist aged Africans as part of its social welfare and public assistance programmes, but few persons were given any regular form of help. The government policy was to place aged, infirm and handicapped persons in care of their families and therefore, any assistance given was usually in the form of free transport from the urban centres on the line of rail to the individual's village, together with subsistence allowance for the journey.¹¹

3. Social Security Measures After Independence

With regard to insurance, the 1956 insurance Act was carried on even after independence. This was done by

the Insurance Law.¹² In 1967 however, the United National Independence Party adopted the philosophy of humanism. The economic policy of this philosophy was, inter-alia, to transfer the 'commanding heights of the economy' to state control on behalf of the people. The President stressed the same by saying that time had come to put Zambia's businesses firmly in the hands of the people themselves just as political power was in their hands.¹³ To this effect Part II of Zambia Humanism stated:-

".....in order to avoid the possibility of local over-night commercial barons.....Insurance.....would be under local forms of ownership, management, and control".¹⁴

Given the foregoing government policy, the state of insurance business under the 1964 regulations was found to be totally incompatible with the said policy. In 1968 the Insurance Act¹⁵ was passed. This Act gave autonomy to Zambia in relation to the rules and practices of the Insurance business. Further on the 4th of January 1968, the government formed the Zambia State Insurance Corporation. Barely two years after the incorporation of the Zambia State Insurance Corporation, further epoch-

making reforms were announced by the government in the field of finance. On the 10th November, 1970, the Insurance Companies "cessation and transfer of business" Act ¹⁶ was enacted. This Act formally brought to an end all other private companies and transferred all insurance business to Zambia State Insurance Corporation.

We also earlier on saw that the colonial government did assist Africans by sending them back to their villages so that they could be looked after by their relatives. However, this did not work because those who did accept going back to villages invariably returned to the urban centres or areas after a few weeks as there was no one in the village able to understand long-term care for them. Sons and daughters etc, had all departed to seek their fortunes in the towns. Others after losing employment for whatever reasons were too proud and others reluctant, to leave urban centres and the attraction of town life to return to their home areas.

It was therefore, realised that there was need for some form of assistance to aged Africans because it was no longer possible to regard the assistance given by the government as sufficient.

The government, therefore, did recognise the need for a more constructive policy. However, little was done until August 1961 when the Minister of Local Government and Social Welfare was in the Legislative Council to give an assurance that the government would give urgent consideration to the problem of providing some benefit scheme for aged persons.

The Minister decided that the best way to approach the matter was to set up a small working party of officials under the chairmanship of the Director of Social Welfare to explore the possibility, and the detail of a limited scheme of Social insurance. The working party met on several occasions during 1962 to examine the practicability of various types of social insurance and indeed social assistance schemes but came to the conclusion that a National Provident

Fund would be the country's most suitable first step in the field of social security. The recommendations of the working party were accepted in 1963 by the then Minister of Local Government and Social Welfare (K.D. Kaunda) who said:-

".....we cannot afford the cradle to the grave type of Social Security found elsewhere. Every state requiring social security for its workers has to pay for it. The answer can therefore, be found in taxation. In Northern Rhodesia, many more incomes are needed before we can introduce a widespread and comprehensive Social Security". 18

In November 1964 a British Labour adviser in the Department of Technical Education was visiting the country shortly after the government had announced its intention to establish a National Provident Fund, and the services of his department in recruiting a specialist to advise on the introduction of such a scheme were offered.

The government accepted the offer, and in November 1964 Mr. James Grieve of the British Ministry of Pensions and National Insurance arrived in Zambia to

prepare a report on the steps required to establish and operate a National Provident Fund. Mr. Grieve's report was considered in May 1965 and the then Ministry of Labour and Social Development accepted the basic principles recommended which were briefly as follows:-

1. Membership of Provident Fund should be open to all regularly employed persons over the age of 18 years but coverage should be achieved in stages.
2. Both employer and employee should be required to contribute to the fund, their combined contribution representing 10% of an individual's wages up to the specified maximum.
3. Both employer's and employee's contribution should be credited to the workers' individual account and should earn interest.
4. Contributions to the fund should be invested to promote development in Zambia.
5. Administrative expenses should be met out of investment income.
6. Benefits should be payable upon old-age, permanent retirement from work, after attainment of

specified age, unemployment due to physical or mental ill health, and on emigration from Zambia; on the death of a member his nominated dependants would receive a survivor's benefits.

7. The administration of the fund should be invested in a statutory board representing the government employers' association and trade union. 19

These recommendations were accepted by the government and an Act of Parliament was passed establishing the Zambia National Provident Fund in 1965 and it commenced operations on 1st October 1966.

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CHAPTER THREE

LEGAL FRAMEWORK UNDER WHICH SOCIAL SECURITY SCHEMES OPERATE IN ZAMBIA

In this Chapter we will examine legislation under which types of Social Security Schemes operate in Zambia. There are many types of social security schemes in Zambia covering different employees for different employers. However, the study will only concentrate on some of these schemes which are regarded the main important ones. The Chapter will further offer an evaluation of existing legislations in an endeavour to see how appropriate these legislations are to the conditions of modern Zambia.

We earlier on stated that law reform is not the panacea to social ills, therefore, this Chapter will also look at the administration of these legislations and see how the administration of these legislations affect the adequacy of social security.

1. ARRAY OF LEGISLATION

- (A) Pension funds and Schemes managed by the Zambia State Insurance Corporation.

Basically, the Zambia State Insurance Corporation runs

two types of Pension Schemes, viz.

- (a) Assured Pension Schemes.
- (b) Deposit Administration Scheme.

Deposit administration are those schemes under which the contributions paid by the employer and very often the employees are not allocated to buy specific benefits of the members as in the case of assured schemes. The benefits of the members are calculated as they fall due. Under this scheme, the employer opens a deposit account with the Zambia State Insurance Corporation, the amount payable by the employees and employer is expressed as a percentage of the employee's salary.

The amounts are credited to the deposit account. The benefits on death, retirement or withdrawal and pensions are paid out of this account after deducting the expenses of the insurer and also additions made to the account due to investment income of the fund. The contributions are not allocated to specific members and the employer has full control over the amount and frequency of contributions to be made to

the deposit account. Thus, in this arrangement benefits are not insured by the Zambia State Insurance Corporation. The Zambia State Insurance Corporation utilizes the deposit account to make the payment of the benefits as they fall due in accordance with the level of scale agreed upon.

Under the assured schemes, the liability of pension schemes is insured with the Zambia State Insurance Corporation. In this event the benefits are fully guaranteed by the Zambia State Insurance Corporation while as the schemes under the deposit administration are not insured, the Zambia State Insurance Corporation does not guarantee the benefits. Hence, the basic difference between the two schemes is that while under the deposit administration the premium received are not allocated to individual member's account but left in a pool to accumulate with interest, the contributions received in respect of the employees and employer under assured scheme are applied towards the purchase of pension for individual members before the normal retirement date.¹ However, both schemes viz assured and deposit administration schemes are all completely retirement benefit schemes. Thus, one cannot be paid the benefits while working until he completely retires from employment.

There are quite a number of different situations under which an employee can claim benefits under both the two schemes.

1. Leaving the Service of the Employer

When a participating employee leaves the service of his employer before retirement date ² he has the following options:-

- (i) He may take a refund of all his contributions plus a reasonable interest less tax at the rate of 10%.
- (ii) He may elect to take a pension payable at his normal retirement date of the amount by his own contributions up to the month of his last contribution. In addition, provided he is not leaving service on account of gross misconduct, an employee who has elected this option will be entitled to a further pension secured by his employer's contributions. Under assured schemes credits in respect of the employer's contributions are used to off-set against premiums. Under deposit administration, these are retained in the fund to secure benefits for remaining members.³

(iii) A member can transfer the benefits. Thus, if after leaving service a member joins another company with an approved pension scheme with similar provisions, then with permission from the Tax Commissioner, an amount in substitution for the pension benefit to which the member is entitled which he is granted may be transferred to such approved pension scheme.

2. Normal Retirement

When a member retires the pension purchased for him thereupon becomes payable. This pension is paid in equal monthly instalments and is subject to tax.

3. Early Retirement

Provided the employer is agreeable, an employee may retire before the normal retirement date or age at any time after attaining age 55. He will receive an immediate pension of a reduced amount. However, early retirement before age is not permitted except on account of serious ill-health certified as such by the Medical Board of Zambia.

4. Death of a Member

In the event of a member dying whilst in the service of the employer, the Zambia State Insurance Corporation requires a death certificate. Where this is not available the following documents may be considered:-

- (a) Medical certificate of the cause of death.
- (b) Post-Mortem report or
- (c) Burial Permit.⁴

There are various methods of calculating pension but the commonest are as follows:-

- (a) Money Purchases and
- (b) Final Salary Scheme.

In money purchase scheme, both employee and employer's contributions are fixed. It is a fixed costed scheme. For instance under, a particular scheme, the contribution payable at retirement in respect of each employee would depend upon an employee's age, sex, normal retirement age and the premium rates in force. The drawback in this arrangement of providing pension benefits is that an employee who joins a scheme at an

older age will have a shorter time to accumulate funds, and as a result his pension benefits will often be inadequate though it is possible to provide for past service benefits.

Final Salary Scheme: the pension benefits at retirement under this type of arrangement relate to service and earnings. The pension may be expressed as a fraction say $\frac{1}{60}$ th or $\frac{1}{80}$ th of salary prior to retirement or the average salary over the period of three or five years prior to retirement. The pension is calculated when increases in salary occur and for this purpose current salary is regarded as final salary. The position where he buys arrears of pension for past service and also increases in pension for future service. Increase in salary at older ages say 5 years prior to retirement may be ignored for the purpose of a pension scheme as the cost to the employer would be quite high.

(B) Individual Life Assurance Schemes

All life assurance policies are also run by the Zambia State Insurance Corporation. There are four main types of policies issued by the Zambia State Insurance Corporation:-

- (i) Whole life Insurance
- (ii) Term assurance
- (iii) Endowment Insurance and
- (iv) Annuities.

Briefly, whole life insurance includes those forms where the face amount is paid on the death of the insured whenever death occurs. This is a permanent form of insurance and covers the insured for life.⁵ Usually the policy is paid as a lump sum.

Term Assurance which also sometimes is known as temporary assurance, more than any other form of insurance, is most nearly comparable to those types of insurance written by property insurance carriers. For example, the fire insurance contract is written for a term and covers a building against direct loss or damage by fire. If the building is damaged or destroyed by fire during the policy term, the fire insurance policy provides indemnity to the owner. If there is no loss or damage during the term, then on expiration of the period, all obligation of the fire insurance to the insured ceases. So under the term insurance policy, an insured may be covered for

a period of one year, three years and so on, as may be agreed upon. The benefit consists in the payment of the sum assured to the beneficiary at the death of the insured, provided death takes place within the term designated in the policy. At the end of the term, the policy becomes null and void and has no value.⁶

Endowment Assurance: Endowment life policies provide insurance coverage during stated period and annual premiums are required to be paid during such a period or until the earlier death of the insured. The face of the policy is payable at the end of the endowment period.

A pure endowment is a life insurance contract providing a coverage exactly opposite to that afforded by a term insurance. Under the term insurance contract, payment is made to a beneficiary if the insured dies during the policy term, and there is no obligation if he outlives the term; under the pure endowment form, there is no payment if the insured dies during the policy term, but the face of the policy is paid if he survives to the end of the period.

Endowment policy is very popular with those buying houses. The assurance policy is taken out for the amount of the loan or mortgage if the building society is involved, and written in such a way that the sum assured is payable to lender or society. The borrower then pays the interest and the premium. At the end of the term of the loan the endowment policy matures and repays the amount borrowed, the capital sum to the lender. In the unfortunate event of the borrower dying prior the end of the repayment period then he has paid up the interest to date and as there is an endowment policy in force, it will mature and repay the capital sum.⁷

Annuities - strictly speaking, annuities are not contracts of life assurance. They are a form of pension, whereby in return for a certain sum of money (paid in a lump sum or by instalment) the assurer, agrees to pay the annuitant an annual amount (an annuity) for a specified period or for the remainder of the annuitant's life.⁸ There are a number of various forms of annuities run by the Zambia State Insurance Corporation and these are as follows:-

- (i) Immediate life annuity. This annuity contract commences as soon as the purchase money is

received by the life assurance department.

This does not mean that as soon as the purchase price is handed over the corporation pays the first annuity payment, but that as soon as the purchase is completed the annuity is in force and the term at the end of which the first instalment is to be paid is calculated from that date. The annuity is payable until the death of the annuitant.

(ii) Deferred annuity. This type of annuity commences at some later date or selected age. A deferred annuity could therefore, be effected at say age 30 but the instalments of annuity to commence at say age 60. It is a means of providing a fixed income for the later years of life.

(iii) Temporary life annuities. Both immediate and deferred annuities may be temporary or in other words are arranged to run for a fixed term of years or until the earlier death of the annuitant.

Annuities are usually felt to be of primary interest only to the wealthy because they require the deposit of substantial sums of money.⁹

(C) The Zambia National Provident Fund

The Zambia National Provident Fund Act¹⁰ was established to provide a savings scheme for all regularly employed persons in Zambia, so that when they retire from work or at any time after reaching the age of 50 years old, they will have a useful capital sum available to live on in old-age.

The primary objectives of the Act was summed up by President Kaunda to the employees in the following words:-

"the object of the government scheme is to provide you with minimum protection only against the possibilities of hardship and difficulties in your advanced years. Its benefits are to help you when you are too old or too sick, to be able to work regularly any more.....The fund is to make you independent in your old-age and less of a financial burden on your children and other relatives".¹¹

The fund currently offers a number of benefits including grants.

- Age benefit - persons who joined the fund before 1st April 1973, may claim this benefit at the age of 50 years, whereas those who joined the fund on or after 1st April 1973, may claim this benefit at the age of 55 years.

- Retirement benefit - persons who joined the fund before 1st April 1973 may claim this benefit at the age of 45 but those who joined on or after 1st April 1973 may claim this benefit at the age of 50 years.

- Emigration benefits - persons intending to emigrate from Zambia to settle elsewhere permanently may claim an emigration benefit before leaving the country. This is paid irrespective of age of the claimant. Currently, the emigration benefits are paid within Zambia and the member should make his own arrangements to obtain exchange control permission to externalise the benefit.

- Survivors benefit. If a member dies before receiving a benefit, then his nominated dependant may claim a survivor's benefit from the fund. If on the other hand, the member did not nominate any person to receive the benefit before he died, then the Director is empowered to pay the benefits to the widow with whom the member was cohabiting at the time of his death.

- Physical and Mental disability. If a member is unable to continue in his employment due to physical or mental disability, he may claim a disability benefit. All applications for this benefit must be supported by medical certificates signed by a qualified doctor certifying that the member is permanently incapable of carrying out his normal duties. This claim may be made at any time regardless of age of the member.

- Home Ownership withdrawal benefit. This benefit was introduced in 1974. It is intended to help a member of the fund to buy or build a dwelling house for his own occupation in a township or municipal council. The benefit by law is never paid to the member directly but to one of the following:-
 - (a) Local authority
 - (b) Contractor engaged to build the house
 - (c) Building Society
 - (d) The vendor of the property
 - (e) The legal practitioner acting on behalf of the member.¹²

All these above mentioned benefits are subject to tax except the home-ownership benefit.

- Maternity grant. Female members of the fund with at least twenty-four contributions credits may claim a maternity grant of K100 from the fund within six months of birth of child or still born.

- Funeral grant. The person responsible for the burial of a member of the fund may be eligible for a funeral grant of K120 if the deceased member had at least twenty four contributions to his credit. Both maternity and funeral grants are not deducted from the members credit but from the reserve account.

- Supplementary saving benefit. This benefit is paid to members of the fund who during their working life, contributed to the fund's voluntary saving scheme. This benefit is paid either after termination of employment or upon qualifying for the age benefit at the ages of 50 for old members or 55 for members who joined the fund after 1st April, 1973.

(D) The Workmen's Compensation Act.

The meaning of workmen's compensation scheme can best be explained by looking at the preamble to the workmen's compensation Act.¹³ It describes this Act:-

"As one which makes provision for the establishment and administration of a fund for the compensation of workmen disabled by accidents to or diseases contracted by such workmen in the course of their employment and for the payment of compensation to dependants of workmen who die as a result of such accidents or diseases, for the payment of contributions to such fund by employers for the grant of pensions and allowances to certain dependants workmen who being in receipt of pensions for such disablement, die from causes not connected with and accidents or diseases".

The Act defines an employee or a workman as any person who has entered into, or works under a contract of service or of apprenticeship or of leadership with an employer, whether the contract is expressed or oral or in writing and whether the remuneration is calculated by time or by work done, or is in cash or in kind, and includes any person whose occupation is conveying for gain persons or goods by means of any vehicle, vessel or aircraft, the use of which he had obtained under any contract, whether or not the remuneration of such person

under such contract is partly an agreed sum or partly a share in takings, but does not include any such person whose remuneration is fixed by a share in takings.¹⁴ Like in the case of Zambia National Provident Fund, Directors of a limited liability company are not covered unless they perform some other duties that renders them capable of being covered e.g. being a sales manager, etc. A good illustration of this point is the case of Lee v. Lee Air Farming Ltd.,¹⁵ where a Mr. Lee had founded Lee's Air Farming Limited. Mr. Lee was a controlling shareholder and governing director of the company. He was also employed as its chief pilot. While piloting an aircraft of the company in the course of its business, he was killed. Mrs. Lee sued the company for compensation. The substantial question was whether the deceased was a workman. It was held that the deceased sued the company in due capacity since he was being paid wages as a Chief Pilot, he was an employee of the company for the purpose of compensation under the workmen's compensation.

The right to compensation is dealt with in Part I of the Act. Compensation is payable where a workman is

disabled or killed, leaving certain dependants, as a result of an accident arising out and in the course of his employment.¹⁶ Compensation is also payable if an accident occurs when a workman is travelling to and from his work. Under Section 41 sub-section 5 compensation is payable in cases where a workman is injured while trying to rescue others found in an accident on the premises.

Where a workman dies or is permanently disabled due to medical treatment given as a result of an accident arising out of his employment, the workman is not precluded from receiving compensation, even if the treatment was negligently administered.¹⁷ But where a workman refuses to submit to medical treatment as a result of religion or other beliefs and in consequence dies, is disabled or the injury is aggravated by such refusal, he is disqualified from receiving the compensation owing to him.¹⁸ Compensation is calculated on the basis of the degree or percentage of disablement in relation to the loss or reduction of earning capacity, so that the compensation that is rewarded is based not only on the injury suffered but also on the amount one earns.

(E) The Local Authorities Superannuation Fund

The fund was established in the early 1950s to cater for pension rights for the colonial white workers in the then local authorities. It was difficult for black Zambians to be members of this pension scheme because of discriminatory qualifying conditions.

However, in 1963 the Local Authorities Superannuation Fund Act ¹⁹ was passed to cater for pension rights of every employee irrespective of colour provided he or she had been employed by an associated authority for at least 2 years, was 18 years and above and earning £250 (K500) per annum.

Currently, membership to the fund is restricted to employees of all District Councils throughout the country, the National Housing Authority and employees of the Zambia Electricity Supply Corporation.²⁰

The benefits available under the scheme are as follows:-

- (a) Normal retirement benefit attaining the age of 60 years for men and 55 for women.²¹

- (b) Retirement benefit when a member has not reached ages in (a) but either the employers feel that the ages they have reached prohibit them discharging their duties efficiently, i.e. retirement due to ill-health.²²
- (c) Retirement benefit **caused** by re-organisation, retrenchment or zambianisation.²³
- (d) Death benefits to legal beneficiaries on death of a member e.g. widow's and children's benefit.²⁴
- (e) Retirement benefit for female members on marriage.
- (f) Dismissal benefits payable to member.²⁵
- (g) Lump sum payment made to members²⁶ where retirement annuities are not applicable.²⁷

The finance of the fund is got from contributions made by the employee together with what the employer contributes.

(F) The Civil Service (Local Conditions) Pensions Act.

The Civil Service (Local Conditions) pensions fund established under the civil service (Local conditions)

Act,²⁹ derives its income from the monthly contributions of its active members. Under existing arrangements, an officer in division I, II or III contributes to the fund 71 percent of his or her emoluments. In addition to the monthly contributions of active members, the government makes a monthly counterpart contribution to the fund equal to the sum of contributions made by the active member.³⁰

Benefits under the scheme are obtained in a number of different situations. On age retirement, an officer if a male may obtain the benefit on the fifty-fifth anniversary of the date of his birth, and in the case of a female, on the fiftieth anniversary of the date of her birth.³¹ If the member is discharged or dismissed, he is refunded the sum of his contributions only. There are also death benefits payable to the widow or remaining children.

2. AN EVALUATION OF THE LAW: AGENDA FOR REFORM

First and foremost, we have noticed that in all the above mentioned schemes the majority of the population is exempted as these schemes cover people in

regular employment only. Thus, even though the scope of social security is broader nowadays the fact remains that its purposes and methods originally reflect the social needs of an urban working population, leaving the majority of the population in the rural areas and the unemployed in towns outside its scope.

However, the major defect in these schemes is the lack of adjusting benefits to the levels of inflation. Pension schemes should always be subject to change in order to adapt them to the developments of social needs and economic factors. This is necessary because, with regard to old schemes and the same remark often apply to recent schemes, the original rate of pensions is fixed in relation to the relatively low level of the resources considered necessary; owing to the slow rate of economic expansion and stringent conditions of international competition it is not possible at the outset to levy adequate contributions nor to raise wages so as to compensate for the contributions payable by the workers.

It should chiefly be the changes in economic conditions that should be the cause of the numerous revisions of

the schemes. The frequency in the changes in economic conditions has raised the problem of automatic means of adjustment. The problem is more pressing in countries which have suffered violent monetary fluctuations. ³²

The problem of adjusting pensions to economic conditions has attracted attention at the international level. For example, the Committee of experts on Social Security in 1959 stated that pensions should be adjusted to fluctuations in economic conditions or to changes in the cost of living, in order that a reasonable relation should be maintained.

Adjusting pensions to economic conditions is a question of guaranteeing to the insured person, when pensions are originally fixed, its intrinsic value or in other words, its purchasing power and then of maintaining the original intrinsic value of the pension thus fixed.

The most urgent problem actually is that of adjusting pensions to the level of prices. In Zambia this has

been seen as one of the inadequacies of the social security schemes. Failure to adjust past earnings for subsequent inflation gives a distorted and unmeaningful measure.³³

However, adjustment of pensions raises there is no doubt, the question of financing the adjustment which varies according to the method of financing adapted. The finance for the adjustment can of course be obtained from the investments of the schemes. This can also be done on a 'pay-as-you-go' system because in such a system it is easier to increase revenue to pay for inflation adjusted wages because the earnings base is also rising with inflation.³⁴

Hence, our observation on this point is that benefits once awarded, should be adjusted automatically for changes in consumer price index. Otherwise the benefits will serve no purpose at all. In fact, the golden years of retirement are often glamorized as those years when an individual is finally free of work constraints and able to enjoy life more. Without adjustment to inflation rate, pension benefits will not achieve their intended goals.

The income tax is the most burdensome tax levied by the government, on pensioners. The Income Tax ³⁵ comes in because all approved pension schemes are regulated by it. It is however, interesting to note that the Act does not define Income Tax. A famous Judge commented:

Income Tax if I may be pardoned for saying so, is tax on Income. It is not meant to be anything else. It is one tax, not a collection of taxes, essentially distinct. There is no difference in kind between duties of Income Tax assessed or anything else of the charge...." 36

Taxing pensioners adds to the inadequacy of the benefits in meeting the needs of the people. Mr. Luke Mwananshiku, ³⁷ brought up this point while he was addressing the nation on the 1986 Budget and urged that substantial amount payable to pensioners should be tax free. The other amount should be taxed so that government can provide services for all. We are however, of the opinion that pensioners should not be taxed at all. After all, pensioners are people who would have served the country as wage earners for a number of years or have reached the statutory retirement age of 60 years or are retired on health grounds.

Given the physical conditions of these people and their financial position, should they be taxed at all? Surely this is a very unfair situation and in addition, taxing pensioners does not argue well in this humanistic country. Other people would argue that it is actually humanism for the state to tax them in order to provide for many. But we should look at pension incomes as a reward for having served the country well for so long a time.

We will now examine the reforms that we are capable of implementing. We saw in all schemes that the retirement age for male was 60 years while that of women was 55 years. After the statutory amendment it is now 55 for male and 50 for female. Our recommendation would be of reducing the compulsory retirement age to say 50 or 45 years. This is based on the fact that having regard to the life expectancy in Zambia given by the Central Statistical Office as 52.1 years for males and 55 years for females and upon the attainment of the present compulsory retirement age of 55 years for males and 50 years for females, the active life of a retired contributor is, in the main very short. In addition on the same point, it would be a good idea if some ways could be devised of phasing pensioners out of regular employment by assisting them in finding something long before they retire.

This is based on the fact that unless contributors had organised themselves in such a way that at the time of retirement they have viable and thriving businesses, they are often left with nothing but meagre incomes to fend for themselves and their families. We have noticed too that contributors who retire before normal retirement age are only paid the benefits of their own contributions but not those of their employer until they reach retirement age. This is the same case if one resigns, is discharged or dismissed. Until the discharge or dismissal from employment, a contributor's service prior to such discharge or dismissal is presumed satisfactory. For this reason it is considered unfair to use the discharge or dismissal to deprive the contributor of his benefits which constitute his only just entitlement.

A distinction should however, be preserved between benefits payable on discharge and those payable ~~on dis-~~

~~charge and those payable~~ on dismissal. On sound public policy benefits payable on dismissal should be lower than those payable on discharge, to discourage deliberate acts of indiscipline. Pechman and others ³⁹ argue that with improvement in health and gradually increasing longevity, there is no need to encourage early retirement. Accordingly, he says, benefits to early retirees should not be paid in future. We however, do not agree with Pechman. Even in early retirement, retirees should be given what is due to them. After all early retirement is usually on health grounds.

Another point worth mentioning is on the contributions. Contributions should always be checked so that it can try to link with salary rising and also inflation. This is not done at present. Employers contributions should always try to be higher than that of the member so as to provide pension funds with the much needed additional income from which to meet the recommended increased pension benefit and also to ensure that the fund is not under-capitalised.

In our first Chapter, we saw that one of the problems of old-age was that of lack of accommodation. Looking

at the schemes available in Zambia, very few offer home-ownership scheme.

These are the Zambia National Provident Fund, the Local Authorities Superannuation Scheme and the Zambia State Insurance Corporation under the individual life policy. The rest do not offer this benefit. It would be a good idea if all schemes could establish a home ownership scheme where contributors can borrow money for building houses at very low rate of interest like the one found under the Local Authorities Superannuation Scheme. The other alternative would be to allow contributors to use their pension benefits as security in mortgages.

With regard to the Workmen's Compensation, it is found that the compensation paid does not depend on the injury suffered but also in relation to how much one gets or to ones salary. Surely, this is a very unfair way of determining the amount of compensation. The compensation paid should only be calculated on the loss suffered. On the same Act, we did see that if a workmen refused to take medical treatment due to religion or other beliefs, compensation will not be paid. This seems to

run contrary to the constitution which gives the freedom of religion.⁴⁰ Going according to the Constitution therefore, even if the injury is aggravated or the person dies due to the fact that they refused medical treatment due to religion, compensation should still be paid to them as they have the freedom of religion under the Constitution.

With regard to annuities, we saw that, because it is a whole life single payment that most frequently comes to mind when annuities are mentioned and because this form requires the deposit of substantial sums of money, many have felt that annuities are of primary interest only to the wealthy.

3. CRITICAL ANALYSIS OF THE ADMINISTRATIVE ARRANGEMENTS OF SOCIAL SECURITY

In our first Chapter mention was made to the effect that law reform alone is not the panacea but that also other related issues like administration should be looked at. Thus, apart from the benefits paid out by a pension program, there are a variety of

expenditures connected with keeping records, determining benefits eligibility, collecting and managing the funds used to pay benefits, and informing individuals of their rights under the plan.⁴¹ All these come under administration.

The systems of administering social security vary from one type of social security to another and from one country to the next. However, whatever the reasons may have been for the adoption of a particular administrative system, George V.N.⁴² argues that, it must attempt to meet at least three aims:-

Economic efficiency is obviously the first of these aims. As a large business, it is important to beneficiaries and tax payers that social security uses the least expensive administrative system, money saved on administration can be used for higher benefits.

The second aim of the administrative system is how to enlist public interest and participation where possible in the work of social security. Where this is achieved it ensures that the work of the department adapts itself to the changing needs and demands of the public

vice-versa, it enables the public to be informed on the work of the department so that it can criticise it intelligently.

Thirdly, social security administration must be alive to the human problems of the people it tries to help. A large number of beneficiaries face not only financial but emotional and psychological problems. They have to come to terms with a new situation which involves financial as well as emotional adjustment".

Any investigations into the beneficiaries life should be made with understanding by trained staff, inquiries should be answered courteously and efficiently, payment of benefits should be prompt and social security offices should be easily accessible.

All these aims can only be achieved through decentralisation of Social Security Administration. In Zambia, most of the schemes are administered by centralisation. For example the Civil Service (Local Conditions) pensions fund is governed by one office found in Lusaka and so is the Local Authorities Superannuation Fund. Thus, the Central office has to govern the whole population of the country

that fall under the scheme. It has been proved that a completely centralised system paying out benefits for the whole country from one large central office are cheaper to run but would involve long delays and it restricts considerably contact with the public.⁴³

Already the Ministry of Finance which is vested with the administration of the Civil Service (local Conditions) pension is unable to account for the total membership of the fund. This is due to the inadequate central records and data retrieval system which would facilitate not only the retrieval of data for actuarial valuation purposes but also to provide a ready record regarding total individual member contributions to the fund.⁴⁴

In addition to this point, the fund is not allowed to invest the money in any venture but if it could be run by an autonomous body like the Zambia National Provident Fund or the Local Authorities Superannuation Fund, it can invest the money and this would increase the benefits. Members have no contact whatsoever with the Ministry and as such there is no way that they can borrow money for building houses. We saw earlier on that one of the

most important aims of administration of social security is to fulfil the lowest possible administration cost.

This system prima-facie is a very expensive one and benefits could be improved if only the fund could be allowed to invest the money. From the benefits got from investment the schemes can pay for their administration cost and even increase benefits. For example, under the Zambia National Provident Fund during the year 1983/84, yield from investment amounted to K36.2 Million as compared to K30.9 percent. Administration expenses amount to K15.6 million and this was paid out of the money from investment.⁴⁵

In a system where the administration is completely centralised, there is no way that the department can possibly try to adapt itself to the changing needs and demands of the public. The public also in addition has completely no information and hence cannot criticise or offer suggestions of change to the system. This is all because there is no contact between the administration and the public. Centralisation also causes delays in payment of benefits. Benefits should be paid promptly,

if possible just on retirement. The Beveridge Report has emphasised that the only way to achieve the maximum possible contact between social security administrators and the public is through decentralisation.

In Zambia some schemes of social security like the Zambia State Insurance Corporation and Zambia National Provident Fund have offices in almost every district of the country. This was all done so that the system could be decentralised. But even with these, there is no complete decentralisation as the authority given to these branch offices are so minimal and every time benefits have to be paid, the beneficiary or the claimant is always referred to the Head Office. This therefore, brings delays in payment of benefits. We should always remember that "Justice delayed is Justice denied". Hence, the branches should be given full powers and only have a filing and accounting connection or link with the Head Office.

For example the Head Offices of the Workman's Compensation are in Ndola. A claimant for example from Livingstone has to travel the long distance for several times

before compensation can finally be granted or paid to him. By the time the benefits are paid, the claimant would have spent quite a substantial amount on transport costs and other expenses.

Therefore, our recommendation on administration arrangements of social security is for the schemes to have decentralised system with branches given full powers.

FOOTNOTES

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CHAPTER FOUR

THE FEASIBILITY OF A COMPREHENSIVE
NATIONAL SECURITY SCHEME

In our introductory Chapter, we mentioned that social security inadequacies were not only due to the inadequacy brought about by law and unfavourable administrative factors. We saw that, existing law on social security only covers those people who are in regular, employment leaving out of the scope of social security the majority of the population who are not in regular employment and thereby increasing the number of destitutes found in the country.

It is the objective of this Chapter to try and explore the feasibility of a comprehensive national security scheme, whereby everybody will be covered and not only those in regular employment. This is mainly with regard to our rural population who are mainly still engaged in subsistence farming.

This Chapter will further examine how this scheme covering the rural population could be financed taking in account their low level of income.

1. NEED FOR SOCIAL PROTECTION IN RURAL AREAS

The question may be asked whether old-age pension for self-employed and peasants are in fact necessary. After all when they reach retirement age they do not have to give up work. Often they go on running their small farms and to jobs suited for their age and health. They remain in the family group. This has been found to be the reason why, where the old patterns of family and tribal life have continued to exist, there has been little trace of insecurity inherent in old-age because the community has of its own accord assumed responsibility for the aged. Consequently, the persons most in need of protection are those who have left the country-side as a result of the steady process of urban and industrial development.

As a result, some countries (especially developing ones) have not felt the need to set up old-age schemes and this is why most of them when doing so, have been mainly concerned with workers employed in industry and commerce. Thus, the first point to note, is that no protection in old-age is provided for the rural population in Zambia. Where any form of old-age has been established, it is restricted to the wage-earning population alone who represent a very minority of the total labour force.

However, the above analysis that old-age do not need social protection is valid mainly for traditional sector where family patterns still show little change.¹ However, with gradual disappearance of the traditional system of family support, lack of income security in rural areas has been on the increase.²

Social protection for the rural population despite the above mentioned analysis and due to the gradual reduction of family support, remains necessary for a number of reasons.

Savy Robert in his book,³ states that, first of all, there are obvious reasons of "equity". Thus, if the purpose of social security is to free people from want, it must cater for everyone including those who are not yet part of the industrial or urban world. This is the definition of social security given by Lord Beveridge in affirming that the purpose of social security should be to abolish want by guaranteeing every citizen an adequate income at all times to meet his needs.⁴ In addition to this, it is now a clearly accepted principle that every human being is entitled to social protection; so much is evident from Article 22 of the Universal Declaration of Human Rights;⁵ which states, "every one as a

member of society, has the right to social security."

Rural workers are also exposed to contingencies that are largely comparable to those affecting other workers. For example, some contingencies are universal irrespective of occupation or status.

This is true, for instance of old age, sickness, and family dependency. Surely, this combination of risks leads to income insecurity for rural workers and although the nature of this insecurity is sometimes peculiar to the rural world, protection for rural workers is no less important - and as such it must be recognised.

Secondly, most countries have regarded the protection of the rural population as less vital because of economic priorities which themselves merit examination. This has in fact been the most common approach. But the risk of widening the gap in working and living conditions between town and country side, is thereby increased, of encouraging and haphazard drift towards towns of accelerating the *decline of the traditional social structures before a modern system has been established*, and of causing urban sprawl and its concomitant of shanty towns full of out of

work men and women.⁶ Thus, there is an obvious imbalance between rural and urban areas and the migration from the poorer to the richer regions is largely motivated by these inequalities. It would however, be unjust to restrain country dwellers from leaving their villages so long as they lack the same advantages, facilities and rights that are found in urban centres. The aim must be to stop migration not by authoritarian measures but by providing equal opportunities, thus eliminating the attraction of the towns and the motivation to quit the land. One of the most effective ways of doing this is to see that rural workers enjoy adequate social protection.⁷

This is so because by consolidating the situation of industrial wage-earners, who are already a privileged minority by virtue of the level and regularity of their income, social security may further increase tension, between the various groups to the detriment of that balanced political and social development which is so vital to economic progress. This is a further reason why social protection in rural societies should be initiated to meet the needs of the people.

In Zambia, protection for the rural population is not yet established. The need can be seen from the above paragraphs and it is felt acutely in traditional societies which are in process of transformation. Rural population in Zambia dominates, being very much in the majority⁸ and hence, when we consider the social security schemes available in Zambia covering at best wage-earners in regular employment, we may justly conclude that only a tiny minority of the total population have any such protection with all its inadequacies discussed above.

It is further seen from the existing Zambian legislation on social security that it does not conform to Article 22 of the Universal Declaration of Human Rights which provides that everyone as a member of society, has the right to social security. Therefore, there is a necessity in Zambia to try and bring the rural population under the scope of social security in all possible ways, so as to conform with the said Declaration.

2. CONSTRAINTS IN INTRODUCING SOCIAL SECURITY SCHEMES IN RURAL AREAS.

From the above, we have seen that the benefits of social security in Zambia are enjoyed by those already belonging to the privileged few. A minority of workers

in Industry and Commerce are lucky enough to receive a regular income, and social security has assumed responsibility for guaranteeing this income against, the ordinary contingencies of life, thereby emphasising, rather than reducing, the disparities between the two groups.

We have seen the need for introducing social security schemes in rural areas but it must also be remembered that, there are a lot of constraints in achieving such a scheme. For example, the scattered population, the haphazard record keeping, the inadequate administrative infrastructure and ignorance of the people involved are all an obstacle to effective action on behalf of the large number of the rural population.

In Zambia for instance, we have seen that pension schemes have been established for various categories of employees, but proposals to introduce one for agricultural and rural population has been accorded lower priority on the grounds that:-

- (a) "Their need for income security is not so acute as that of the wage-earning population.
- (b) The assessment of their income for the purposes of such a scheme is technically very difficult and contribution rate would have to be fixed at a low level, affording correspondingly low level

of protection; and

- (c) The scheme would face serious administrative difficulties,"⁹

In addition to these constraints, it is very common for the traditional sector to resist the introduction of a social protection system. This is due first of all to the fact that the initiative stems from an authority which is felt to be alien to the group concerned whose intentions have not been properly understood.¹⁰ There is therefore, a danger that the institutional transplant will be rejected. Furthermore, social protection schemes will upset the family structure, the systems of ownership, the use of land, and the relationship between generations.¹¹ Therefore, they are liable to be rejected, unless they have been most skillfully adapted to the sociological context.

This shows that adjustments are necessary in order to give them social protection. The question is, should rural population have their own social security scheme or can they be fitted into the general scheme normally regulating urban workers? This debate has been going on for a long time on the international scheme and has involved advocates of special treatment for rural are tenacious.

In support of their case they emphasise the different social patterns of the farming community and the psychological advantages of adapting the administration to the peasant mentality, so enabling it "to humanise the legislation, to explain it,....and also, in the opposite direction, to interpret to government the deep - rooted aspirations of the nationals for whom they are responsible."¹²

It must be realised that if a nation-wide pension coverage was to be achieved in these circumstances of constraints, there are three possibilities. First, to abolish the existing schemes and set up a single scheme for everybody, second, to introduce a universal scheme in which employees would participate while retaining their rights under the existing schemes; and third, to establish a separate scheme for those unprotected by any of the existing ones. Generally the last course would be **appropriate** because the others might give rise to confusion regarding the vested rights of persons already insured.

From the above, we may therefore conclude that, the best possible way of providing social security to our **rural** population would be to introduce a separate scheme for them and the argument in favour of a special scheme

for rural population in addition to the one mentioned above is that the administrative work involved would be fundamentally different.

3. METHOD TO BE ADOPTED

Irrespective of the population protected, whether it be urban or rural, a number of fundamental decisions have to be taken by the authorities as to the principles underlying the management of social security. Should the state administer it through its own civil service machinery or should it leave management to bodies set up under public law, that is, to separate legal entities with their own financial autonomy operating under state supervision, or to profit or non-profit making bodies subject to private law, with control being exercised less openly?

Basically, the decision will depend on national tradition, ideological leanings and the influence of private interests.

It has been proved that successful rural development in the third world requires the active participation of the rural population in the development process.

This is generally, understood that participation would depend upon the population being effectively organised.¹³

This has actually been one of the reasons leading to the formulation and adoption in 1975 of the ILO's rural worker's organisation Convention No. 141 and its accompanying recommendation No. 149, which reaffirm the right of rural workers both wage earners and self-employed to freely form and join organisations of their own choice.

Hence, the best method of providing social protection in rural areas of Zambia would be to encourage the establishment of rural Co-operatives. The rural population of say 15¹⁴ years or 16 years¹⁵ should be encouraged to belong to some Co-operative of interest.

This is so because through co-operatives, it would be easier to administer the organisation of social security. It is general knowledge that the administration of social security scheme has a number of common features irrespective of the population covered. Certain tasks

have to be performed no matter what sector is involved. The registration of protected persons, the collection of contribution, the examination of claims, the payment of benefits, and the management of funds. The fact that the population protected happens to live in the country side does not affect these essentials.

Co-operatives would be a good idea, because if the agencies are cumbersome, they will have difficulties in keeping their relations with the membership and the necessary personnel.

The danger of bureaucracy would be even greater in social security scheme for rural population because of the widely scattered character of the community, the remoteness of the members from the schemes branch office and poor communication, which would cut management off from the membership. Rural workers prefer personal contact with management to keep in a close touch with the members as possible.

A step in the right direction would be to set up regional social security schemes like in the case of Cameroon,¹⁶
to monitor the co-operatives in the rural areas.

Simplification will depend mainly on the way in which social protection is organised. Here again we face great obstacles. Because of large number of illiterates in the country side, people cannot be asked to fill up forms themselves and in nearly all cases, the records of births and deaths are not available and schemes have to make do with appropriate dates of birth and death. This makes it necessary for the staff of the scheme to carry out nearly all the administrative operations themselves without any help from the insured persons and for this, decentralised management is essential and could result in a lot of simplification. Therefore, to avoid any serious miscalculations, before social security is extended to the rural areas, there must first be a thorough investigation into all the foreseeable administrative obstacles (Illiteracy, registration of births and deaths, local administrative facilities) and the best ways of overcoming them. Maybe, like in the case of Nicaragua,¹⁷ extension of social security to rural areas should first be introduced in those regions where social security administration will be able to evaluate any problem that arises.

Co-operatives, as a means of providing social protection for rural population, have been used in a number

of different countries. For instance in Tanzania, there is a system which was prepared with ILO's assistance.¹⁸ They have also been used in Rumania,¹⁹ Bulgaria,²⁰ and Yugoslavia.²¹

4. FINANCE FOR THE SCHEME

To run any type of business finance has to be available. Therefore, every social security scheme must have sufficient financial resources to cover its administrative expenses and pay the statutory benefits. In rural areas, however, financing of social security is likely to present certain difficulties; the low level of income among the population raises the question as to how the financial burden should be spread. We have seen earlier on that this has been one of the reasons why the rural population has been given low priority. The government realised that because of low income, the insured's contributions would also be low and thereby affording a correspondingly low level of protection.

The question therefore, is how the scheme in rural areas would be financed.

In the first place, the scheme can be financed by contributions paid monthly by all active working members. This can take the example of Rumania - where pensions for co-operative farmers are financed by contributions based on a rate of 3.5 percent of gross production with a contribution of 5 or 10 lie per month payable by all active working members of 16 years and above.²² This approach where the co-operative also contributes a certain percentage of its gross production has been adopted in Bulgaria. Here the contribution paid by the co-operative is 5 percent of the annual income of the co-operative farm.²³

Basically, the contribution paid by the members themselves and that which is paid up by the co-operative itself would not be able to provide adequate social protection. The members of the co-operative would urge that the state should in some way provide some supplementary funds on the ground that co-operatives help in the economic development of the state.

The question is where the state could get this financial assistance from.

It must be remembered that the scheme is to cover for persons in the lower income brackets in respect of whom no employer's contributions are payable, and thus increasingly depend on subsidies from the general revenue. Bulgaria for example has brought in the state in the scope of providing finance for co-operative farms. The government of Bulgaria does this in two but similar manner:-

- (a) there is a special and supplementary tax on spiritous liquors etc.;
 - (b) a contribution from tax on cigarettes and tobacco.²
- This method can be adapted to the Zambian situation

In addition to the above methods of financing systems, we earlier on showed that investing this money in liable ventures can bring in adequate benefits, or can improve the benefits offered and even create job opportunities for Zambians, as well as save the much needed foreign exchange. It would however, be a good idea that the funds must directly be invested in projects specifically designed for the welfare of the persons covered, for example, housing, construction of hospitals, recreation facilities, homes for the aged and rural development,

this would definitely be appreciated and would help in reducing the rural urban migration now that the same facilities available in urban areas would also be found in rural areas too.

5. BENEFITS TO BE PROVIDED

We have seen in our study that social security covers a number of different contingencies that may affect a human being. However, from the study, it has been seen that it would not be easy for the scheme introduced in rural areas to afford to cover all contingencies that would come under the scope of social security at once.

This is because of lack of adequate administrative management and also problems of finance. To start with, it would be reasonable to provide for those contingencies which can easily be administered, and as the scheme progresses then the other benefits or contingencies could be brought under the scheme. This, has actually been the common approach in Zambian urban areas and as well as elsewhere in the world.

The first contingencies to be covered under these schemes should be old-age and survivor benefit.

(i) Old-age Benefits

Old-age benefits are intended for persons who have reached a certain age and who leave their jobs on that account. The International Labour Organisation Convention No. 102 of 1952, states that the normal age should not be more than 65 years. We are of the opinion of introducing a system where this benefit would be paid irrespective of age as long as the claimant has worked in the cooperative a number of statutory agreed years. In Rumania this has been fixed to be paid after 25 years of working in the co-operative for men and 20 years for women.²⁵ In the case of Italy, old-age benefits for old-age to handicraftsmen is provided for at 65 years old for men and 60 years for women on condition that they can prove having been insured since 15 years of age and that during the lapse of time, they have paid their contributions according to the conditions laid down.²⁶ Zambia could also adapt the condition provided under the Italian system, that the claimant did pay his/her contributions during the 25 years or 20 years according to the stipulated conditions laid down by the law.

Further we could also adopt the provision like the one provided under the Rumanian type. Thus, the provision for the payment of the pension to be supplemented by a benefit in kind awarded by the co-operative ²⁷ in accordance with its statute. These benefits could be in the form of maize, maize meal, vegetables, etc, depending on the nature of the co-operative. However, these rations should be limited to last for a number of years say 2 or 3 years, depending on what can be agreed.

(ii) Survivor's Benefit

We saw earlier on that all social security schemes set up in Zambia do provide for this benefit to be paid to the widow. However, it is important to remember that the arrangement could particularly be complicated to apply in rural areas where polygamy is still practised and later on, different means and ways of customary law of succession.

However, to allow for the problem of polygamous marriages, provision should be made for the surviving wives to share the pension on death benefit. Depending on the number of wives and

children, this benefit could be paid as lump sum or monthly whichever would give adequate benefit. To supplement this benefit, the provision for the payment of the pension to be supplemented by a benefit in kind could be incorporated where the deceased had worked for 15 years (for men) in the co-operative and 10 years for women. The ration benefit should be limited in time. Say only to be provided for a period of 6 months or 1 year.

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CHAPTER FIVE

CONCLUSION

From the very beginning Zambia began to see the need to introduce better methods to cope with the insecurities which were largely caused generally by industrialisation and particularly by the mobility of labour, the wage economy, and the breakdown of traditional simple methods of provision by tribes and rural communities.

Thus, social security has evolved out of the previous methods used to deal with the same problem. This concludes that social security is a new concept and it represents society's current answer to the problem of economic insecurity. Social security measures developed originally as a response to the problems as well as the opportunities created by industrialisation. With industrialisation, as we all know, came a broad occupational shift from agricultural to industry and a concurrent population shift from rural to urban environments. Both of these shifts had an important impact on the income security of the working population. In the agricultural and rural setting, the family was normally a production unit whose income security did

not hinge on the money earnings of a single family breadwinner.¹

Although human needs are similar in all countries, differences in size, economic, demographic conditions, standards of living and political and social philosophies, traditions and experience, result in varying methods for the provision of social security. Each country will shape its system in its own way, and will adapt the system in different periods to meet new conditions. Thus, although the basic objectives are the same everywhere, there are great differences in benefits and in eligibility requirements from country to country. These differences arise quite naturally from the need of each country to adapt its programs to its own peculiar economic, social and political circumstances.²

Many workers after they have met the current necessities of life for themselves and their families, have little or nothing left for saving and are unable to make provision for their old-age and other risks. Thus, it is difficult for individuals to meet the risks of life unaided or even with the help of relatives and friends. Therefore, to quote from a publication of the International Labour Office.

"As the state is an association of citizens which exists for the sake of their general well-being, it is a proper function of the state to promote social security".³

In all countries, social security began piecemeal, either for special groups or for particular risks, but yet, the general trend has been to widen its scope by including other groups of people who are excluded from the earlier schemes and covering more risks. Yet substantial gaps often remain.

Social security systems, being the responsibility of the state, are established by legislation which entitle specified categories of persons in specified contingencies to receive benefits. Today, the Zambian government is under pressure from the public to extend the scope of their social security to every citizen and not only to those in regular employment. Social security for all was one of the objectives of the Atlantic Charter⁴ which included among its purposes the assurance that people in all lands may live out their lives in freedom from want. Yet Zambia still has considered gaps in its system of social security and in consequence many people have not been given the assurance of freedom from want.

Despite the speed at which urban development is taking place in Zambia, the rural population is still very much in the majority. In the typical and strongly criticised, manner of development of social security in Zambia, less effort has been made to extend protection to increasingly large segments of the population than to improve its effectiveness for a limited category of people.

The reasons for this are common knowledge. Above all the problem of social security for the rural population as pointed elsewhere ⁵ "manifests itself in a divergence which in fact exists between the development of the environment and the normal functions of the institutions", and more specifically in conflict "between an institution which is characteristic of industrial societies and a social environment where the majority of the inhabitants escape for the moment from the hold of certain aspects of modern economy." More than anything, the introduction of social security in the rural environment encounters serious obstacles from the administrative standpoint (scattered population, high illiteracy rate) and the financial point of view (nature of low level of agricultural income, difficulty of collecting contributions).

Finally, village or tribal communities through their various networks of solidarity, do provide some degree of mutual protection by ensuring that a member or family unit of the community receives help and assistance from the others in various ways. Some of the indigenous rural institutions serving this purpose have disappeared altogether.

At present time, however, it would seem that, in spite of the manifest attachment of rural societies to their cultural heritage, the indigenous institutions are tending to weaken and are less and less capable of fulfilling their purpose of providing security. Their possible action is, in fact, limited by the destitution of a rural environment which to a very large extent plays no part in economic development.

Consequently, although the situation on the whole is not so critical as in the urban sector, there is a tendency for traditional systems of protection in the rural environment to disappear, or at least to decline in their effectiveness.

The breakdown of the group solidarity of the past, therefore, makes it increasingly imperative to adopt

measures that can provide rural populations with new guarantees and a minimum of security.

The Zambian legislation on social security only covers people in regular employment and leaving outside its scope the majority of the population. This is why we have a lot of destitutes in Zambia because many people are not covered under the existing legislation.

However, it should be understood that any extension of social security to the rural areas consequently implies that schemes have to be introduced into a setting very different from that in which they have developed, hitherto and the problem of adjusting the techniques employed and even the very purposes to be achieved will invariably arise.

It is true to say that Zambia is in special difficulties in providing social security because of lack of funds and shortages of experienced personnel to operate the services. She suffers from the dilemma that her needs are so great and her resources so small. Comprehensive systems, suitable for

advanced industrial countries with high standards of living and education are inappropriate for Zambia which is mainly rural and agricultural, and has large numbers of illiterate people. Zambia is compelled by these circumstances to begin with a limited programme concentrated on the most serious needs. These include provision for workers who because they have moved into urban and industrial centres, have been uprooted from their traditional ways of living in rural communities. In spite of this, Zambia should not lose sight of Article 22 of the Universal Declaration of Human Rights of 10th December, 1948.

Zambia lacks the resources to create universal and comprehensive social security system when the inevitable choice has to be made as to whom to include or exclude, political consideration in Zambia are likely to play a major role. This has actually happened in other countries e.g. in the Soviet Union - where universal social security has been the proclaimed goal since the revolution but it was only until 1964 that collective farmers

were included in the state system. This long delay involved a political Judgement of their role in socialist construction.⁶

However, inspite of these difficulties, it should be understood that social security has become part of national life, that somehow and eventually it should be reformed and extended to cover wider strata of the population. The injustices of the present social security laws not only constitute a permanent source of insecurity and unrest, but also a paralyzing obstacle to the carrying out of the plans of economic development. To quote the words of President Freis:-

"The proliferation of laws has reached incredible extremes, with legislation in favour of very small groups, contradicting the whole spirit of universality that inspires modern social security and confusing its objectives with those of social assistance".⁷

Another of the biggest gaps found in the Zambian social security has been found to be that of the law in regard to inflation. Pensioners as a group can be especially vulnerable to price changes and expert not only to be protected against them but

also to ensure in increasing national prosperity. This too, is well recognised both nationally and internationally. Indeed, as long as 1952 an International Labour Convention⁸ called for pensions and similar long term benefits that are currently in payment to be reviewed against changing levels of earnings and prices.

The importance of safeguarding the purchasing power of pensions, once they have been put into payment is a particularly topical issue. The economic growth and low inflation rates have given way to widespread recession and high rates of inflation. The impact of these high inflation rates on old-age pensions and survivors' benefits has been considered but the demand of equity and social justice make it unacceptable that pensioners should suffer through inflation, and the defence of the purchasing power of pensions has become a major object of social policy in many countries.⁹

Clearly, those who pay taxes or make contributions expect to receive adequate protection in the future. Money set aside today represents given quantities of goods and services at today's prices and contri-

butors can reasonable expect that in future they will receive sufficient money to buy equivalent quantities of goods and services together with the additional represented by a fair rate of interest on the money during the period of waiting. Because of the long-term inflations, the purchasing power of much past savings, has fallen seriously, and those who saved have been subjected to an insidious and injurious form of taxation.

When the contributions were made, may be years ago, the money unit had a higher purchasing power than that in which benefits are paid. In other words, good money was paid for bad. The intention of social security schemes is to provide specified benefits which can be used to buy goods and services. Contributors support the schemes politically and make their contributions in good faith with the expectation that the benefits will be paid to them in money that will buy as much as the money they contributed or was contributed on their behalf. To be paid benefits in depreciated money is morally a breach of contract. Also, equity requires that the value of all past contributions shall be adjusted to allow for changes in the value of money, since the

contributions were made.

In these circumstances, the only fair course to take is to raise the benefits at least enough to allow increased cost of living. Hence, there is need to make financial adjustment to take account of inflation and other changes in conditions. It is therefore essential that when benefits are paid, their purchasing power should be at a standard at least equal to that contemplated and expected at the time the contributions were made. Here the state should make up the difference as the inflation is a consequence of failure by the government to ensure monetary stability. It is therefore, seen from the above statement that inflation is a serious cause of insecurity and distress. It eats up savings, weakens the incentive to save, and leaves large numbers of people in poverty, often when they are aged and unable to cope with the losses forced upon them. It is one of the urgent tasks of government to remove this insidious evil. Thus, the law on social security should include adjustment of payment of benefits to take into account the rate of inflation.

In our study it was mentioned that law reform alone is not the panacea. There is also need to emphasise the need for efficient administrative machinery. In the Zambian social security schemes, there are usually a lot of administrative complexities. The lack of a simplified and inexpensive administrative machinery is one of the reasons why Zambia has yet been unable to establish extensive system.

A satisfactory and effective application of social security legislation depends on conditions that are difficult to ensure in Zambia; the administrative machinery is rudimentary and the local context is unfavourable. As one writer¹⁰ pointed out, "the least task, such as registration of insured persons, recovery of contributions, maintenance of the card indexes necessary for determination of entitlement and payment of benefits, reception of the public, and other tasks which are priority are simple enough, may involve immense and sometimes almost insurmountable difficulties".

The shortage of competent and experienced staff is undoubtedly one of the principal obstacles to the proper working of social security schemes. Thus,

legislation cannot be put into practice without specially qualified administrators and trained clerical staff.

As long ago as 1962, in a document prepared for the committee of social security experts, the International Labour Office emphasised ¹¹ that of all the problems the question of staffing was among the most acute and it stressed the specialised character of the tasks to be carried out.

The fact must be faced that the administrative duties involved in operating a social security scheme are often highly specialised and not always a kin to those performed in other branches of public administration. Owing to the wide range of heavy responsibilities borne at various levels and the serious consequences for the beneficiaries of any shortcomings in administration, the staffing of the senior and medium ranks of social security bodies can hardly be improved".

Although indispensable, a solution to the staff problems will not suffice by itself to ensure the efficient working of social security institutions, the running of which is still faced with another and likewise considerable obstacle namely, deficiencies in the administrative infrastructure.

The quality of the services rendered by social security institutions largely depends on the proper working of various complementary services:- births, deaths, marriages registry offices, postal services, banking services, etc. The well known deficiencies that exists in greater or lesser degree in public administration have repercussions on the administration of social security systems.

The problems of social security administration are complicated by the total illiteracy of some of the insured persons and the low level of education of the vast majority of the others.

In the face of that situation, many social security funds have tried to simplify and adapt administrative methods to local conditions. However, the simplification of procedure which is often and quite rightly recommended soon reaches its limits even when the rules are quite simple, because of the establishment of checking of the entitlements of the insured persons, necessarily involves a minimum of formalities.

"there is a point beyond which the process of simplification cannot be taken, and there should therefore, be no illusions about the benefits to be achieved." 12

Many institutions have also turned towards a more or less through going decentralisation of their activities with a view to coming into closer contact with the insured persons as well as overcoming communications difficulties. In many cases decentralisation increases appreciably the cost of administration owing to the expenses incurred both for the provision of an infrastructure and for the running of the local offices. That, however, is no doubt the necessary counterpart of a better and more human management.

With a view to overcoming the many difficulties that arise in the administration of a social security institution, some institutions have been beguiled by the merits attributed to automation. Some institutions have equipped themselves with electronic systems of administration while others use the government's central computer - others use the less advanced equipment in the form of punch-card machines.

Yet this kind of modernisation of administration techniques has considerable drawbacks. Its high cost in foreign currency, whether for purchases

or for renting of the equipment and in addition the effects on employment in countries like Zambia where so many people have no work must also be considered.

It is actually desirable to avoid any mechanisation and automation that is not indispensable - especially the introduction of computers where the necessary staff is not available on the spot - and to make use of highly labour-intensive techniques in preference to capital intensive techniques. With regard to more especially to the administration of social security, the problem was raised as long ago as 1962 at a meeting of the ILO's Committee of social security Experts.

".....in countries suffering from under employment it may not always be worth while to take mechanisation very far, especially if the savings achieved by eliminating manual work are quite small". 13

A further drawback is that the introduction of a computer makes it necessary to call upon foreign technicians for many it necessary to call upon foreign technicians for many years especially for

studies but also in some cases for using the computer. This is surely a drawback step, given the high level of Zambianisation of senior staff of the institutions that have been reached. A machine is worth no more than the men who operate it. It is not sufficient to push a button to ensure that the administration will be sufficient. The staff must also be of high standard.....".¹⁴

Security is not static. The moral of the decades brings changed conditions and old problems have to be freshly stated, established safeguards to be supplanted by new. But there is still the necessity of serving a people, in their lives and properties, their liberties and opportunities.

In conclusion, it can be said that, the first measure taken in social security field are intended for industrial workers; and although the scope of social security is broader nowadays, the fact remains that its purposes and methods originally reflect the social needs of an urban working population.

Itself a product of the industrial revolution, it still remains an institution of the industrialised world. Further, it is seen that the crises of the social security system at present involve financing, administration; and their capacity to meet their legal obligations for benefits, and their capacity to extend protection to wider population strata.

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