

LABOUR INSPECTION POLICY

2006

GOVERNMENT OF PAKISTAN

**Ministry of Labour, Manpower and Overseas
Pakistanis**

Islamabad

March 2006

CONTENTS

FOREWORD

INTRODUCTION

PURPOSE

OBJECTIVES

NATURE AND SCOPE OF LABOUR INSPECTION

NEW APPROACHES TO INSPECTION

- **REGISTRATION AND RISK ASSESSMENT**
- **INTEGRATED INSPECTION**
- **SELF-INSPECTION AND SELF-REPORTING**
- **SYSTEMS INSPECTION**
- **LABOUR EXTENSION**
- **PRIVATE SECTOR INVOLVEMENT**

INSTITUTIONAL ARRANGEMENTS

CAPACITY BUILDING

IMPLEMENTATION STRATEGIES

ACTION PLANS

PILOT PROJECTS

FOREWORD

Pakistan's Labour Policy 2002, Labour Protection Policy 2005, and the related legislation currently in the process of revision and consolidation, provide a framework for worker protection but also seeks to encourage increased efficiency and competitiveness on the part of the nation's enterprises.

Policies and laws, although important in providing guidelines and legally enforceable standards, respectively, mean relatively little unless arrangements are in place to ensure the highest possible degree of compliance with legal provisions. Such is the purpose of this Labour Inspection Policy – to ensure compliance with the nation's laws and regulations by all who fall within their provisions.

The preparation of this Labour Inspection Policy has involved consultations between government officials, employers' and workers' representatives throughout the country, and has taken their views and recommendations into account. Its preparation has also taken into account Pakistan's obligations under international treaties as embodied in ILO Conventions ratified by Pakistan. Of particular importance is ILO Convention 81 (Labour Inspection) ratified by Pakistan in 1953. This ratification, more than 50 year's ago, is evidence of Pakistan's long standing commitment to inspection matters and obliges the State to honour its obligations under that Convention.

Pakistan has also entered into an agreement with the ILO relating to a *Decent Work Programme* that highlights the importance of labour protection and work safety and health, thereby placing further emphasis on the importance of an effective and efficient system of labour inspection.

This policy document is consistent with ILO Convention 81 but also introduces a number of innovations directed to extending the coverage of labour inspection and related activities to segments of the working population previously untouched by labour protection and inspection services.

These innovations include the introduction of a unitary, integrated labour inspection system to replace the various specialist inspection services that have operated in the past. By its nature, an integrated system combines the

work of several different inspectors under one general inspector. This can result in a dilution of expertise if not handled properly, but arrangements will be made to retrain inspectors to undertake integrated inspection work, as well as provide them with access to high quality technical expertise in cases where problems are detected that fall outside the abilities of the generalist.

Integrated inspection will make much better use of our limited inspection resources. It is expected that the number of enterprises in Pakistan will increase at a faster rate than the capacity of our labour inspectorates to inspect them. If our inspection system does not change we will have more and more enterprises, but inspected less and less. This situation is unacceptable, hence the need to adapt to an integrated approach that will result in more inspection visits and a more efficient use of our resources.

It is also proposed that more and more enterprises will be brought within the inspection net. It is only fair that where there is evidence of an employer-employee relation, irrespective of the size of enterprise, that this relation be expressed in writing and that minimum standards, including minimum wages, apply. Where a formal contract of employment exists labour inspectors are required to ensure compliance with the standards required by law.

For family enterprises, self-employed persons, and micro enterprises in both urban and rural areas, the existence of a formal contract of employment is not so apparent but it is still important that persons engaged in informal economy activities have access to labour protection services, particularly in the fields of social security and work safety and health. It is proposed to introduce, on a pilot basis in the first instance, a labour extension service to provide a range of advisory and information services to persons in the informal economy that, traditionally, have fallen outside the coverage of labour protection.

It is proposed that labour extension and labour protection services be provided by different officers with both groups, however, maintaining close cooperation with each other under the overall responsibility of provincial directorates of labour.

The various new initiatives outlined in this policy document will require capacity building at both federal and provincial levels. It will be necessary to establish a National Labour Inspectorate with the necessary staff and

support resources, as well as strengthen the capacity of labour inspectorates at provincial level through training, improved communications, the introduction of computer technology, and the preparation of staff procedure manuals in support of the various new approaches to inspection.

This Labour Inspection Policy provides a new vision for labour inspection in Pakistan. It will not be possible to commence all the new initiatives simultaneously but, over a period of time, their introduction will bring a new perspective to labour inspection with an emphasis on prevention and improvement for the benefit of both workers and employers.

It is proposed that this policy and its implementation be reviewed by the National Tripartite Labour Conference in 3 years.

Minister of Labour, Manpower and
Overseas Pakistanis

Islamabad

March 2006

INTRODUCTION

Pakistan's **Labour Policy 2002** and **Labour Protection Policy 2005** provide the framework for the future development of the country's industrial relations and labour protection systems.

These policy instruments signal Pakistan's intentions that labour issues are an integral component of the nation's development efforts. Labour protection is not seen as an impediment to development but, rather, as a means to improved well-being for society as a whole.

Institutions

A greater emphasis on labour protection and related matters requires the existence of institutions and arrangements that lead the change process rather than respond to it. The need for change, however, on a range of labour and related matters has not been matched by the capacity of the nation's labour institutions to adjust and adapt. They have lagged behind and now need to catch up if they are to make their expected contribution to national progress.

Of particular concern is the country's labour inspection system that has responsibility for ensuring that labour protection policies are effectively implemented. The operational aspects of labour inspection fall within the responsibility of Provincial Governments. Accordingly, the labour inspectorates within those Governments must now 'catch up' if they are to respond to new policy initiatives. This requires that the nation's labour inspection system be revitalized and restructured, with such processes guided by a new policy framework and supporting operational strategy.

New Direction

Such is the purpose of this **Labour Inspection Policy 2006** -- to provide a new direction for the nation's labour inspection systems to enable them to respond to new approaches on a wide range of labour protection issues. As with all major changes in institutional arrangements, clear policy guidance is required to provide the necessary vision and direction to ensure a smooth transition from the old to the new.

The new approaches to labour inspection and compliance, as identified in this policy document, include an emphasis on labour extension services, self-reporting on labour protection matters based on new approaches to workplace cooperation, systems inspection in place of checking on specific details, the involvement of the private sector in inspection work, and greater emphasis on integrated inspection under the principle of 'one inspector, one enterprise.' These new approaches require **policy direction** before detailed operational strategies can be formulated and implemented.

The revitalization of the nation's inspection services requires more than policy guidance. Labour laws will need to be revised, including the adoption of a universal definition of 'worker' and 'workplace' to ensure the widest possible coverage of labour protection and labour inspection services. The lack of protection for contract workers is of particular concern, as is the position of workers in mining, construction, road transport, and brick kiln industries.

Successful labour protection and labour inspection initiatives depend on many factors but foremost is the degree of cooperation between workers and employers. Bilateral consensus on the importance of protection and inspection in the workplace is paramount and will be actively encouraged.

Securing compliance with labour legislation will be pursued not only through more effective inspection but also through other initiatives including the certification procedures of such bodies as ISO and SA, corporate social responsibility pledges, social compliance audits conducted by international buyers, placing increased responsibility on manufacturers and importers of chemicals and equipment to ensure their products are safe, and, where appropriate, offering incentives to compliant enterprises as, for example, recognizing their right to bid for government contracts.

The Government, as an employer, separate and distinct from its role as a regulator, can do much to develop positive attitudes to protection and

inspection by assuming the role of ‘model employer’ with regard to both working conditions and the working environment.

PURPOSE

The purpose of this **Labour Inspection Policy 2006** is to contribute to the economic and social progress of the nation by ensuring that appropriate institutional arrangements and procedures are in place to effectively implement the nation's labour protection policies and laws. This involves the restructuring and revitalization of the nation's labour inspection institutions to enable them to do things differently as well as do different things.

The fundamental purpose of inspection is to improve working conditions and the working environment by securing compliance with labour legislation. Degrees of compliance can be secured through the initiatives of international buyers, pressure from consumer groups and international trade unions, as well as stricter controls on the manufacture and importation of raw materials and equipment. Voluntary actions undertaken by enterprises, with or without the involvement of workers' organizations, can also ensure compliance requirements are met. It is apparent, however, that for the foreseeable future, Pakistan will rely on its labour inspection system as the main means of securing compliance, thereby contributing to improved working conditions and better safety and health in its workplaces.

OBJECTIVES

Within this broad purpose the specific objectives of **Labour Inspection Policy 2006** are as follows.

- **The Policy** outlines a range of new and innovative approaches to labour inspection work that are flexible, transparent, fair and impartial, and make the best use of limited inspection resources.
- **The Policy** supports the extension of inspection activities beyond formal sector enterprises to ensure that labour protection services are made available to all workplaces in all sectors, including Pakistan's large and labour intensive informal economy.
- **The Policy** encourages the involvement of the private sector in the provision of labour inspection services through licensing and accreditation arrangements.
- **The Policy** encourages compliance with labour policies and laws through means other than rigid law enforcement.
- **The Policy** encourages increased harmony and cooperation between workers and managers in enterprises, thereby contributing to dispute prevention and the avoidance of conflict.

NATURE AND SCOPE OF LABOUR INSPECTION

ILO Labour Inspection Convention

Pakistan ratified **ILO Labour Inspection Convention, 1947 (No. 81)** in 1953 thereby committing the Government to ensure that arrangements are in place to

- educate and inform employers and workers on their legal rights and obligations concerning all aspects of labour protection and labour laws,
- advise employers and workers on the content of labour laws,
- advise employers and workers on how to comply with the requirements of the law,
- secure compliance with the provisions of the law by enforcement and other measures,
- enable inspectors to report to superiors on problems and defects that are not covered by laws and regulations.

The **ILO Labour Inspection Convention** provides the framework for the operation of Pakistan's labour inspection system. In Pakistan's case, the system is one in which labour policies and laws are established by Federal Government, with implementation in the hands of Provincial Labour and Manpower Departments.

Traditional Arrangements

Approaches to labour inspection have tended to change over time. Traditionally, inspection concentrated on strict law enforcement, supported by penalties and sanctions, as the means of securing compliance with labour laws and regulations. Inspection was likened to **policing**, with inspectors using their powers conferred by law to ensure compliance.

This **traditional approach** focused on those enterprises in which there was a formal contractual relation between employer and employee – a relation in which the key and minimum terms and conditions of the employment contract were established by legislation. The sole emphasis was on **protection** and **enforcement**, with little consideration of issues of prevention and improvement.

Under traditional arrangements, labour inspection was confined to the relatively small proportion of the workforce employed under a formal contract of employment. Large numbers of workers engaged under arrangements that fell far short of a formal contract remained untouched by labour protection and labour inspection. Indeed, in some countries enterprises in which formal contractual relations existed were still excluded from the potential protection afforded by labour inspection because of the legal definitions of ‘establishment’, ‘enterprise’ and ‘workplace.’ For example, in some countries workplaces employing less than 10 workers in some cases were excluded, as were those that did not use power supplies.

Modern View

The **modern view** of labour inspection places the emphasis on **prevention, protection** and **improvement**. The **prevention** of exploitation, and the prevention of accidents and health problems arising from work, receives high priority. This is not to suggest, however, that enforcement is forgotten. Enforcement powers and procedures must always exist but, under a modern, more developmental approach to inspection, enforcement is seen as a last resort rather than the first and only means of gaining compliance.

A modern approach to inspection also places considerable emphasis on improving the working environment wherever possible. Thus, the objective

is not to prosecute or punish – these are a means to secure compliance with laws and regulations, but are not the real substance of labour inspection. The real substance is **prevention** and **improvement**, and not only prevention and improvement for the limited number of workers engaged in formal wage employment.

Increasingly, modern labour inspection is concerned with **all** workers in **all** work situations, including those employed in small and medium sized enterprises, those engaged in informal economy activities whether self-employed or employees, workers in agriculture, sharecroppers, and workers in cooperatives. The interventions, however, will be different for different workplaces. In some cases labour inspection services may focus exclusively on the provision of information and advice, in others these interventions may be supported by legal enforcement.

A modern approach to labour inspection is partly dependent on the legal definition of ‘worker’ and ‘workplace’. Increasingly, ‘workplace’ is defined ‘as anywhere work takes place’ thereby empowering labour inspectors to visit a much wider spectrum of workplaces than previously.

From Traditional to Modern Arrangements

The Government of Pakistan is committed to a transition from a traditional approach to inspection, towards a modern approach. Accordingly, the Government endorses the need for a broader coverage of labour inspection services, and a range of new interventions. The transition to a modern approach, however, should not be seen as a total absence of enforcement and punishment. Flagrant abuses of the law as, for example, a total failure to provide safe equipment and premises, a total disregard for child labour laws, and deliberate and intentional under-payment of wages, must always be detected and punished.

Scope

Modern labour inspection is concerned with prevention, protection and improvement in three main areas, as follows.

- The terms under which workers are employed including wages, hours of work, allowances, leave, and other benefits established by law or agreement including

protection against unfair dismissal and protection against victimization.

- The conditions under which work takes place with regard to the safety of workers, and the action required to identify, eliminate, minimize and control safety hazards concerning machinery and equipment, work processes, and substances, including chemicals.
- The general environment in which work takes place with regard to heat and ventilation, dust, noise, illumination and related factors likely to contribute to illness or disease arising from the workplace.

As indicated in the Labour Protection Policy 2005, it is proposed to extend labour protection and hence labour inspection services to all situations where an employer-employee relation is evident, **irrespective of the industry or sector in which they work.** Accordingly, mine workers, transport workers, banking industry employees, and other categories will be brought under the protection offered by labour laws by introducing a new and comprehensive definition of ‘worker.’ This means that inspectors will have the right to enter workplaces in all sectors, and that more and more workers will be brought into the labour protection system.

All enterprises/workplaces will be registered under labour legislation and all workers where an employer-employee relation is evident will have a letter of appointment/written contract of employment establishing their minimum terms and conditions of employment.

Additional Functions

In some modern inspectorates, additional functions of labour inspectors include the verification of a range of social security contributions, making checks on work permits for foreign workers, and checking on the employment of apprentices. These are legitimate activities for labour inspectors and are considered in more detail under the heading of **Integrated Labour Inspection** in a later section of this policy document.

Labour inspectorates, whether operating under traditional or modern approaches, face increasing difficulties in performing effectively, due

primarily to the lack of operational resources. The Government of Pakistan is aware of this limitation and sees this a further reason for a restructuring and reorganization of existing services. This, too, is considered in a later section of this policy document.

Summary

In summary, the emphasis in modern inspection work is on **prevention and improvement**. The employer must assume prime responsibility for preventing exploitation, preventing accidents, and preventing diseases in the workplace. In so doing, the employer has the right to insist on the cooperation of workers, but prime responsibility rests with employers.

The Government supports the view that labour protection, with the emphasis on preventing problems from arising and improving working conditions and the working environment, is part of good business practice. Labour protection and labour inspection, **professionally conducted**, do not impede efficiency, productivity and profitability but, rather, can contribute to improved economic performance.

NEW APPROACHES TO INSPECTION

Inspection Visits

The traditional approach to labour inspection in Pakistan involves inspectors undertaking three types of visits to enterprises, as follows.

- **Routine inspection.** These visits are usually announced, meaning that the inspector makes an appointment to check on a wide range of matters included in a pro forma checklist. The Government of Pakistan proposes, on a pilot basis in the first instance, to substitute routine inspection visits by introducing a system of self-reporting to assess compliance with labour laws. This, of course, does not mean a total absence of routine inspection and will only apply to those enterprises deemed to be 'low risk'.
- **Follow-up inspection.** In this type of visit the inspector returns to the same workplace to check that the employer has made the improvements identified during a previous visit. Sometimes these visits are announced, and sometimes unannounced. Such visits will constitute an important part of inspection work, but as arrangements for routine visits change so will follow-up visits take on a new dimension.
- **Special inspection.** In this type of visit the labour inspector usually focuses on one problem or issue (e.g. machine safety, special items of equipment, accident investigation, fire safety). The Government proposes to give the private sector a greater role in this type of inspection and to make greater use of technically qualified inspectors as part of an **Integrated Inspection Approach.**

Revitalization and Restructuring

The Government is committed to the revitalization and restructuring of labour inspection in Pakistan through the following initiatives.

- Registration and risk assessment.
- Integrated inspection.
- Self-inspection and self-reporting.
- Systems inspection.
- Labour extension.
- Private sector involvement.

Registration and risk assessment

With a view to focusing scarce inspection resources on priority problem areas, the Government supports the need to focus inspection work on those enterprises that pose the greatest threat to worker protection. Accordingly, it is necessary to firstly, identify those enterprises liable to inspection and, secondly, establish some criteria for determining those work places ‘at risk’ in the sense of failing to reach an acceptable standard of labour protection.

Registration

It is very difficult to provide protection and inspection services if the location and nature of enterprises/workplaces is unknown. It is essential, therefore, that **all** enterprises and workplaces above a prescribed size and as defined by law, be registered with provincial labour inspectorates. The process will be preceded by a public awareness campaign on the need to register but after a short grace period will be compulsory, with penalties applying in cases of failure to register. The failure to register denies workers protection under the social security system and of welfare entitlements currently available to workers in registered enterprises. Consideration, therefore, will be given to relating the level of penalties for non-registration to the benefits workers should have received.

The registration exercise will make maximum use of government records already in existence (e.g. taxation), and will seek the support of trade unions and employers’ organizations to see that a comprehensive register is created and maintained. Trade unions, because of their presence in workplaces, can assist in identifying enterprises liable to registration but there will be some

cases where enterprises fail to comply with registration requirements. It is necessary, therefore, for labour inspectorates to undertake field mapping exercises, street by street, section by section, to prepare a register of all enterprises, including contractors, liable to inspection.

The registration process itself will be kept simple focusing on the name, location and size and composition (particularly male/female) of the workforce, main processes, and worker status (e.g. full time, part time, seasonal, contract, permanent.)

Eventually, the register of enterprises will be maintained electronically for ease of access and regular updating.

Risk Assessment

The degree of risk of an enterprise relates to the extent to which it might reasonably be considered to pose a threat to the protection of workers as required by law. Some workplaces by the nature of their environment and processes are high risk as, for example, underground mining, construction, chemical manufacture and storage, and various mechanical processes. Some are high risk because of their record in employing children, or failure to pay minimum wages. Other enterprises and workplaces are low risk by their nature (e.g. hotels, retail stores) but may in fact be high risk because of failure to pay overtime hours, or requiring workers to work excessive hours.

It will be necessary to prepare and agree on the criteria to be used to assess risk and it is proposed that this be done by the National Labour Inspectorate in close collaboration with Provincial Labour Inspectorates, employers' and workers' representatives and, if necessary, the National Tripartite Labour Conference. The following guidelines on risk assessment are provided for consideration.

- The nature of the work performed. Some industries are automatically regarded as high risk such as construction, mining, tanning, and chemicals. Any enterprise in such sectors would be assumed to be 'high risk' until inspection proves otherwise.
- Previous experience. Labour inspectors accumulate knowledge on those workplaces and industries that tend to have problems.

This experience can be used to help provinces and districts to decide which enterprises should be given priority for inspection attention.

- Specific factors that may influence the degree of risk, including such matters as

Ownership of the enterprise (whether foreign, national or joint-venture)

Size of the enterprise (usually determined by the number of employees)

Work processes, whether labour or capital intensive

Raw materials used in the production process, particularly where chemicals and other substances are involved.

The outputs/products of the enterprise (whether these are physical products or services)

Reported or known accidents or deaths

Composition of the labour force, including whether women and young persons are employed, whether non-national workers are involved, whether the work force is skilled or unskilled.

The existence of a trade union or workers' organization in the enterprise.

The frequency and nature of complaints from workers.

The incidence and frequency of work stoppages and strikes.

Provincial inspectorates might use these criteria to give an enterprise a broad rating of high, medium or low risk or, alternatively, an enterprise could be given a numerical rating based on a number of points for each criterion. The

higher the score, the higher the potential risk, and the greater the need for more frequent attention by inspectors.

It is important that risk rating follow an agreed process in which employers and workers, and their respective organizations, have an opportunity to participate. It is equally important that risk ratings be re-assessed from time-to-time with the objective being to assist enterprises/workplaces to move progressively from a high to medium to low rating, thereby reducing the frequency of inspection visits.

Integrated inspection

Labour inspection interventions in Pakistan typically cover four main areas, as follows.

- Wages and working conditions
- Work safety
- Occupational health
- Social security/social insurance

In addition, however, various other categories of government officials visit enterprises on a regular basis for other types of inspection as, for example, the employment of apprentices. The Government supports the rationalization of the nation's inspection systems through progressive integration.

Under an integrated inspection approach, **one** inspector undertakes most of the interventions in all of the above four areas, and any other area of direct concern to 'labour'. Integrated inspection operates on the basis of 'one enterprise-one inspector' with one **general inspector** undertaking inspection work in all areas.

The Government sees several advantages in the introduction of a fully integrated inspection system, as follows.

- Enterprises will feel more confident with the government inspection system because they will now deal with one inspector rather than many. There will be less scope for predatory inspection visits.

- More inspection visits can be undertaken because inspectors work as individuals rather than in teams. More inspection resources can be devoted to sectors previously ignored (e.g. the informal economy) and more frequent visits can be undertaken to ‘high risk’ enterprises.
- The system is more efficient in the use of resources. There is one administrative system instead of several, one database, one transport system, and one reporting system.

The Government is aware that the introduction of an integrated inspection system requires that two key issues be addressed. Firstly, there may be some initial reduction in the quality of inspection because inspectors will lack the detailed technical knowledge in all areas of their work. This problem will be addressed by creating technical support teams to assist and advise inspectors on specific technical issues, particularly in the areas of work safety, occupational health, and the working environment.

Secondly, integrated inspection requires a major training effort for both existing and new inspectors. For example, labour inspectors concerned with wages and working conditions in shops and commercial establishments will have to be trained on various aspects of work safety and health to enable them to inspect machine safety, materials handling, noise, dust, temperature and other indicators typically undertaken by safety and health inspectors. This requires the preparation of a detailed training plan, the training of instructors, the preparation of training materials, and the design and implementation of various induction and up-grading training courses for all inspectors throughout the country.

Training will also be provided to employers and workers and their organizations to ensure they are familiar with the integrated approach.

Technical Support

It is not possible for one inspector to know all the technical details of all areas of inspection work, particularly concerning occupational diseases, chemical hazards, and aspects of machine safety. It is clear, however, that a properly trained general inspector can undertake the basic aspects of all safety and health matters. The general inspector requires the support of a back-up team of specialists, including engineers, medical personnel, and chemists, to assist with problems beyond the immediate competence of the

individual inspector. The members of this team need not be government officials, and all do not have to have the legal powers and responsibilities of inspectors. The main purpose of such a team is to ensure that the general inspector has access to the best available technical information, advice and assistance. In Pakistan's case, it is expected that the existing safety and health inspectors would form the nucleus of the technical support unit in each province.

The provision of technical support services will require a suitable administrative system but it is essential that this be kept as simple as possible, and not lose sight of the fundamental objectives of prevention and improvement.

The introduction of an integrated inspection system will not be used as a way to reduce the number of inspectors. Existing labour inspectors will be retrained to handle the bulk of safety and health inspection, and some of the existing factory inspectors (engineers, medical personnel) will become part of the technical back-up team, performing a range of new but equally (or sometimes more) important functions.

Resistance to integrated inspection is sometimes based on the fear that the integration will involve the disappearance of some departments and sections. It should be stressed, however, that integration is concerned with the **integration of the inspection function**, and does not necessarily mean the integration of structures.

The planning for the introduction of an integrated inspection system must be done in consultation with employers and workers and their representatives as, for example, a provincial tripartite advisory body. The system must also ensure that it meets Pakistan's obligation under ILO Conventions, particularly Convention 81. The introduction of an integrated system will require changes to the nation's labour laws and this matter will be addressed during the law revision and consolidation exercise.

The introduction of an integrated system will be accompanied by a performance monitoring system to ensure that general inspectors address all areas within their new responsibilities, not just those with which they are most familiar and confident, and also as one means of identifying poorly performing and corrupt inspectors.

Self-inspection and self-reporting

The Government supports the introduction of self-inspection and self-reporting systems for enterprises considered to be ‘low risk’, and on a pilot basis in the first instance. Accordingly, the introduction of such a system requires that the proposed registration and risk assessment exercise be completed, at least in part, to identify those enterprises/workplaces that are assessed as low risk.

Self-inspection

‘Self-inspection’ really means self-responsibility, with managers and workers assuming responsibility for compliance with standards concerning safety and health and working conditions in the workplace. It is based on the fundamental principle that prime responsibility for all aspects of labour protection rests with the employer, with workers obliged to cooperate with the employer in meeting that obligation.

Under a self-responsibility approach, managers and workers take the necessary steps to address and resolve their problems and disagreements over labour protection issues. Indeed, their cooperation can prevent disagreements from arising in the first place. Where the enterprise has a trade union, self-responsibility takes place through collective bargaining, where managers and workers come together and talk to resolve their differences, with the outcome of their discussions leading to a negotiated and legally binding agreement.

If there is no trade union, workers and managers can still cooperate on working conditions and the working environment through less formal arrangements than collective bargaining including workers’ committees, safety committees, and joint consultative bodies. Self-inspection requires close cooperation between workers and managers and provides an opportunity for improved communication, both informal and formal, within the enterprise.

The role of the labour inspector under ‘self-inspection’ focuses on informing, educating, training and facilitating the operation of a system to encourage self-compliance with the minimum standards set by law. Indeed, the inspector can encourage the parties to strive for working conditions and a

working environment, and other aspects of labour protection that exceed the minimum standards.

Self-reporting

An essential component of self-inspection is self-reporting. Enterprises selected to participate in a self-inspection approach will be required to check and report on working conditions and the working environment, using a checklist prepared by the National Labour Inspectorate in close consultation with provincial labour inspectorates, employers and workers, and their representatives. Managers and workers are required to work together in completing the checklist and both parties must 'sign off' on the completed form before its submission to the Provincial Labour Inspectorate. The design of the self-reporting form may need to take account of industry-specific matters, and will need to make provision for workers' to 'sign off' on the document.

Failure to complete the checklist and submit it on time will result in the imposition of an administrative fine on the enterprise.

These reports are examined by labour inspectors who, on the basis of a 'desk inspection' decide whether an actual visit to the enterprise is required. In addition, it may be decided to conduct a detailed inspection of, say, 10% of enterprises irrespective of the outcome of the 'desk inspection.'

Self-reporting usually applies to low-risk enterprise that have a good past record. It means that these enterprise report on themselves, allowing inspectors to concentrate their efforts on higher-risk enterprises.

Self-inspection and the related process of self-reporting work best where there is good cooperation and positive attitudes between management and workers, and where both parties are committed to protection and improvement of working conditions and the working environment. Such enterprises usually have strong systems in place to prevent problems from arising, and systems that work well if problems do arise.

It must be stressed that self-inspection and self-reporting do not mean a total absence of inspection visits. Inspectors can still visit enterprises under such

arrangements, but such visits are normally less frequent and more focused on particular issues identified from the completed reports.

Self-reporting provides an opportunity for the modernization of administrative processes. Enterprises will be encouraged to file their reports electronically, which requires that labour inspectorates have the necessary computer equipment and that labour inspectors be trained in its effective use.

The introduction of a self-reporting system will require the preparation and testing of a detailed self-reporting form, and the training of employers, worker representatives and labour inspectors on its contents and procedures for completion.

Systems inspection

There is a need to distinguish between ‘the inspection system’ and ‘systems inspection’. The inspection system refers to all the components of the labour inspection framework including government agencies, both federal and provincial, inspectors, enterprises/workplaces and workers, the procedural arrangements in place to ensure compliance with labour laws and regulations, as well as the preparation of inspection reports and related matters.

Systems inspection refers to a **method** of inspection and constitutes but one small part in the much larger and complex labour inspection system.

Systems inspection is a form of labour inspection in which the inspector does not check on details but, rather, focuses on the **systems** the enterprise has in place to prevent accidents, protect workers, and improve working conditions.

The inspector, for example, might examine the fire-safety system within the enterprise, check on the operation of safety committees and the work of safety representatives, check the systems in place to ensure that workers actually wear and use protective clothing and equipment, check the system and procedure for reporting and investigating accidents, and check on the system to ensure that overtime payments are correctly paid and in a timely manner.

Under systems inspection the work of the inspector is no longer concerned with the details of compliance, and focuses more on advising management and workers how their systems can be improved and operate more effectively. Once a system has been observed, discussed and verified as effective, the labour inspector can provide an attestation to the enterprise that recognizes its good practice.

The focus of inspection work changes from checking details to checking systems and procedures. The inspector becomes more of a facilitator and advisor, working in a cooperative relation with workers and managers. Clearly, this approach involves considerable retraining for inspectors and a change of attitude and mind-set to enable them to concentrate on the broader picture rather than minute details.

Systems inspection requires that inspectors are specially trained to enable them to examine and discuss systems rather than focus their efforts on minor problems. Consideration will be given to certifying those inspectors who successfully complete a systems inspection training course, with a view to providing them with some financial benefits in recognition of their increased knowledge and skills.

Labour extension

In Pakistan, the activities of labour inspectors are largely confined to formal sector workplaces that have registered their businesses. In some cases, not all of these enterprises are liable to inspection as, for example, enterprises employing a small number of workers or family businesses that fall outside the legal definition of 'workplace' or 'enterprise' or 'establishment.'

In Pakistan the work of labour inspection is largely restricted to formal sector enterprises, employing as little as 20% of the work force. What about the remaining 80%? What assistance do the so-called informal economy workers receive from labour inspectors?

Extension work means broadening the coverage of inspection activities to those categories of workers not traditionally covered by national labour laws. These include farmers, domestic workers, self-employed persons, and members of cooperatives. Even if workplaces are not covered by law, this should not preclude labour inspectors from providing **advisory** services to

assist such workplaces to improve their working conditions and the working environment. Of particular importance is the issue of safety and health for these workers.

The extension of labour inspection to groups of workers not normally covered by labour laws, is not concerned with **enforcement**. The emphasis is on **information** and **advice**. Labour extension officers visit informal economy enterprises to advise on the elimination and reduction of work hazards, to inform employers on the need to eliminate child labour, advise on the best way to dispose of waste materials, and inform entrepreneurs where they can access services tailored specifically to the needs of micro and small scale enterprises.

The extension of inspection services to the informal economy will be difficult for inspectors who are already over-worked and who lack support resources, particularly transport. Extension work and inspection work are related through the common objective of improving working conditions, but the target groups and methods involved are different, and warrant a separate category of officers to undertake extension work. Extension officers need to work with other officials (e.g. agricultural extension officers, labour counselors at district, Tehsil, and union council levels) to provide them with basic information on working conditions and the working environment. This will involve a significant training effort for both extension officers and other officials to ensure that all concerned are able to convey essential information and advice to target groups in the informal economy at the local level.

The Government considers the extension of protection services as particularly important in Pakistan, in that millions of people are dependent for their livelihood on self-employment, family businesses and micro-enterprises within the informal economy. It is important that ways be found to assist people in the informal economy, in both rural and urban areas, to be more conscious of working conditions, of safety and health issues, of child labour issues, of the need to reduce the risk of accidents, and of the importance of making their businesses more efficient and profitable.

The introduction of a labour extension service will require the identification of a cadre of officers to undertake the work, the design and implementation of a special training program, and the preparation of a detailed operational plan at provincial level that identifies priority areas and recipients for service delivery.

Private sector involvement

Traditionally, the private sector has been seen as the target for labour inspection interventions and as a beneficiary of inspection services. In Pakistan, relatively little consideration has been given to private sector enterprises actually undertaking some aspects of labour inspection work through a system of licensing and accreditation.

Under such arrangements, private companies and individuals provide services to enterprises that were previously provided by government labour inspectors. The private companies and individuals work under the direction and supervision of labour inspectorates, and receive a fee for services rendered, paid by the enterprise.

The Government is committed to greater involvement of the private sector in some aspects of inspection work and sees no reason why the inspection of boilers and pressure vessels, elevators, cranes and hoists, other items of specialized equipment, some aspects of occupational hygiene, and other specified matters, could not be undertaken by accredited agents from the private sector who have been granted a special license to perform these duties.

The Government supports a system where duly accredited companies and individuals are granted a license to perform specific inspection tasks, working under the authority of the Labour Inspectorate. The private agents do the actual work but the government still retains ultimate responsibility. The Labour Inspectorate regulates the work of private agents through the licensing system, and by requiring that reports of all work undertaken are copied to the Inspectorate. If agents fail to perform satisfactorily their license will be withdrawn or not renewed, and held liable for the consequences of their failure to perform satisfactorily.

A system of accreditation and licensing will require amendments to the law to ensure that the activities of agents are properly appointed and controlled. This does not mean that the labour inspector is no longer responsible. The responsibilities will be different but not reduced, with inspectors assuming responsibility for supervising the work of others, rather than doing the actual work themselves. It is important, however, that any involvement of the private sector be consistent with the articles of ILO Convention 81 and, in

particular, not prejudice in any way the impartiality and authority of inspectors.

The privatization of some inspection tasks provides an opportunity for further consultation between government and its social partners by government seeking the advice of employers and workers organizations on the selection and operational arrangements for the system.

Summary

In summary, the Government is committed to the restructuring and revitalization of the nation's labour inspection services on the following lines.

- The system should move progressively towards an integrated system, including the creation of a technical support system to assist in those areas beyond the competence of general inspectors.
- The system should focus its resources on 'at risk' enterprises with 'at risk' including enterprises known to be hazardous (e.g. construction, mining, those using chemical processes, and those having a history of complaints and disputes.)
- The system should consider the introduction of a system of self-inspection and self-reporting for those enterprises considered to be 'low risk'. This means that enterprises will complete a questionnaire/checklist designed by the labour inspectorate in consultation with employers and workers and their representatives, with the completed return used as the basis for determining whether the enterprise is in compliance with the law or not. An inspector will visit enterprises if the self-reporting document is incomplete or highlights a cause for concern. In addition, a sample of enterprises engaged in self-reporting will be selected for an enterprise visit by an inspector.
- The system of labour inspection should extend its coverage to enterprises and workers not normally falling within the protection of labour laws. Although inspectors may have no legal authority outside formal sector enterprises, this does not preclude them providing

advisory services to informal economy employers and workers in such areas as the safe use of machinery, the handling of chemicals, the disposal of waste, the use of child labor, and access to business advisory services specifically tailored to the needs of micro, family and self-employed persons.

- The system should provide for the introduction of accredited agents whereby individuals and companies in the private sector are licensed to undertake some aspects of inspection work including the inspection of boilers, cranes, hoists, other items of specialized equipment, and some aspects of industrial hygiene. Under such arrangements the labour inspectorate remains responsible and accountable, but the actual work is undertaken by other persons, under the broad supervision of labour inspectors. Enterprises will be able to choose whether to use the services of accredited agents for which they will pay a fee, or continue to be inspected by government inspectors free of charge.

INSTITUTIONAL ARRANGEMENTS

The revitalization and reform of the nation's labour inspection functions will require a change in institutional arrangements. In accordance with ILO Convention 81, Article 4 (1) indicates that inspection shall be placed under the supervision and control of a central authority. Accordingly, the Ministry of Labour, Manpower and Overseas Pakistanis will establish a National Labour Inspectorate as the central inspection authority to serve as the focal point for the nation's inspection activities.

National Labour Inspectorate

It is envisaged that the Inspectorate will have the following responsibilities.

- Draft labour inspection policies, advise on legislative requirements to support policy implementation, and advise and report on the application of labour laws as applied to inspection.
- Receive, coordinate and consolidate statistical information and narrative reports on inspection from Provincial Departments of Labour.
- Prepare an annual national labour inspection report, and interim reports as appropriate, for distribution to government agencies at both federal and provincial levels, employers' and workers' organizations, international agencies, and the wider community.
- Develop and maintain a comprehensive nation-wide data base on inspection activities to assist in monitoring the overall performance of the labour inspection system.
- Coordinate the provision of labour inspection training activities, both within Pakistan and overseas, and advise on the selection of inspectors to participate in various training programmes.
- Coordinate with other divisions within the Ministry, particularly the Policy and Planning Division, with a view to attracting technical and

financial assistance from donor agencies to assist in the strengthening and improvement of the nation's labour inspection system.

- Prepare promotional and public awareness materials on the nature, purpose and benefits of effective labour inspection.
- Prepare and monitor guidelines for the conduct of inspection visits, outlining the duties and responsibilities of both inspectors and employers.
- Draft inspection reporting forms, including those used under self-reporting arrangements, in consultation with provincial labour departments, employers and workers, and their respective organizations.
- Maintain an information base on enterprises that are subject to buyer compliance checks, third party audits, or have ISO or SAI certification, with a view to encouraging greater cooperation between certifying and auditing bodies and the National Labour Inspectorate.
- Issue regular media releases on the work of the National Labour Inspectorate and Provincial Labour Inspectorates.

Under the ILO Convention, the preparation of an annual inspection report assumes considerable importance. This report must be published within 12 months of the year to which it relates, and within three months after that must be forwarded to the ILO. The annual report of the National Labour inspectorate will include, but is not limited to, information on the following.

- Laws and regulations relevant to the work of the inspection service.
- Staff of the labour inspection service.
- Statistics of workplaces and the number of workers employed.
- Statistics on inspection visits.
- Statistics of violations and penalties imposed.
- Statistics of industrial accidents.
- Statistics of occupational diseases.

The National Labour Inspectorate will not undertake any routine, special, or follow-up inspection work. Provincial Labour Departments will be

responsible for the actual inspection of enterprises and related activities aimed to secure compliance with labour laws and regulations, and the creation of a national Inspectorate will in no way compromise the powers and responsibilities of provincial inspectorates. It is essential, however, that information on the inspection activities of Provincial Labour Departments be centralized, to enable performance to be analyzed on an on-going basis and improvements planned and implemented. The centralization of information will also facilitate the preparation and dissemination of comprehensive and timely reports, including the annual report required by ILO Convention 81.

The National Labour Inspectorate will require a small staff together with high quality computer and logistic support. Job descriptions and qualification profiles will be prepared with a view to ensuring the Inspectorate is staffed by suitably qualified officers.

The inspectorate will come under the direct responsibility of the Joint Secretary (Labour) and will be required to work in close association with the Ministry's Policy and Planning Cell and the Central Labour Advisor, as well as Provincial Labour Departments.

Provincial Departments of Labour and Manpower

Provincial Labour Inspectorates, responsible to Provincial Secretaries of Labour and Manpower, will become the focal point for all labour inspection functions at provincial level, including EOBI and social security contributions, and working conditions in all workplaces liable to inspection including mines, fishing boats and other places where work involving an employer-employee relation takes place. They will become the focal point for integrated inspection. Assuming responsibility for the inspection function, however, does not necessarily involve any merger or takeover of departments or units. For example, assuming responsibility for checking on EOBI contributions does not mean that EOBI disappears. It does mean, however, that EOBI inspection functions are subject to different arrangements and fall under the Department of Labour, rather than EOBI itself.

Provincial Departments will be responsible for the planning and implementation of inspection activities at district level, and must also ensure that regular reports on all labour inspection activities within the province and its districts are forwarded to the National Labour Inspectorate.

Provincial Inspectorates will also be responsible for the development and operation of the labour extension service involving close collaboration with the Labour Inspectorate, but operated by a separate unit.

CAPACITY BUILDING

The effective implementation of this Labour Inspection Policy will require a concerted capacity building effort for the National Labour Inspectorate, Provincial Labour and Manpower Departments, employers' organizations and their members, and trade union and their members.

Capacity building extends far beyond the training of inspectors and embraces information as a resource for decision making and future policy development; logistic support including office accommodation, computers, communications and transport; management development for those officers responsible for the planning, organizing, monitoring and performance appraisal of inspection activities; and a range of general and specific training activities to build the technical knowledge and skills of all inspectors.

Specific capacity building activities for the National Labour Inspectorate include the following.

- The preparation and endorsement of the inspectorate's mandate and its objectives.
- The preparation of a resource plan, including both staff and support resources to facilitate its functions.
- The preparation of job descriptions, job profiles and the recruitment of staff, including the appointment of some female officers.
- The training of staff to ensure that tasks and functions as indicated in job descriptions are performed to the required standard.
- The acquisition of office space and equipment, including computers for the proposed inspection database.
- The preparation of publicity materials in various languages on new approaches to inspection.
- The preparation of desk manuals for use by inspectors at provincial level.
- The preparation of desk manuals to guide the work of labour extension officers at provincial level.

- In consultation with inspectors, employers' and workers' representatives, the preparation and trial of new inspection reporting forms for integrated inspection and self-reporting.
- The preparation and trial of guidelines for the conduct of inspection visits.
- The revision and consolidation of labour laws.
- The design of training courses and the preparation of training materials, making full use of information computer technology, where appropriate.

Capacity Building for Provincial Labour and Manpower Departments

Provincial Labour Departments will be assisted to prepare a 'corporate plan' for their respective labour inspectorates. This plan will reflect a new mission, specific objectives, and annual performance targets.

It will be necessary to undertake a human resource audit of the inspectorate in each province to 'take stock' of existing inspectors including their number, qualifications, experience, previous training, performance levels, and other relevant information directed to assessing the current status of the inspectorate's human resources. In addition, an assessment will be made of the non-human resources available to each inspectorate. Based on the 'corporate plan', the human resource audit, and the overall resource situation, the key capacity limitations will be determined for each inspectorate.

Training for all inspectors will constitute a major capacity building activity requiring the design and implementation of training courses to meet new needs, particularly those concerning the operation of an integrated inspection system. Course design and the preparation of materials will fall under the responsibility of the National Labour Inspectorate, but the organisation and conduct of training activities will be the responsibility of Provincial Labour Inspectorates.

It is also necessary to review the terms and conditions of employment of labour inspectors to see what can be done to increase their motivation and commitment. The suggestion that inspectors be entitled to receive part of the fines they collect as an incentive is rejected on the grounds that such an arrangement is likely to encourage inspectors to focus on collecting fines, rather than the prime purpose of inspection which is to improve working

conditions. It is important, however, to examine the issue of motivation and commitment and make positive recommendations to address these issues.

Provincial Labour Inspectorates will make strong efforts to recruit female inspectors not only because this is part of Convention 81, but also because it will enable improved inspection in enterprises where female workers are employed.

Capacity Building for Employers and Workers

Employers and workers, through their representative organizations, will be assisted to adjust to the new approaches to labour inspection through their participation in the design of reporting systems, consultations on the preparation of guidelines for inspection visits, and participation in training activities tailored to their respective needs. They will also be encouraged to prepare information materials on the new inspection system for the benefit of their members, in several languages as appropriate.

IMPLEMENTATION STRATEGIES

The revitalization and restructuring of Pakistan's labour inspection system must be driven by sound policies, but also requires the formulation of an implementation strategy for each policy initiative. Because of its significance for all other policy initiatives, an implementation strategy is also required for the capacity building of the labour inspection system.

Registration and classification

Objective:

The objective of this policy initiative is to map and register the nation's workplaces and use this information to classify enterprises according to their degree of risk in terms of labour protection.

Strategies:

- Decide which enterprises to be included in the mapping exercise.
- Publicize the requirement for registration through the mass media, employers' and workers' organizations.
- Agree on a grace period and establish penalties for failure to register.
- Access the records of other agencies to assist in the registration process.
- Enlist the support of trade unions and employers' organizations to encourage registration
- Plan organize and implement a mapping exercise to ensure that all enterprises/workplaces liable to inspection are registered.
- Establish and maintain a computerized data base.
- Establish a tripartite working group to discuss and agree on the criteria for determining high, medium and low levels of risk.

- Classify enterprises according to their degree of risk
- Decide the nature and frequency of inspection arrangements to apply to each level of risk.

Integrated inspection

Objective:

The objective of this policy initiative is to reorganize labour inspection on the basis of ‘one enterprise, one inspector’ based on a system of general inspection supported, as appropriate, by technical expertise.

Strategies:

- Establish a tripartite working group to determine the modalities of integration.
- Ensure that the proposed arrangements are consistent with Pakistan’s international obligations, particularly those arising under ILO Conventions.
- Reorganize inspection functions on the basis of general inspection.
- Establish a technical support unit to provide specialist advice to general inspectors
- Design and implement training courses, supported by appropriate training materials, for inspectors, employers, and workers.
- In consultation with the tripartite working group, prepare and trial new inspection report forms to accommodate the integrated approach.
- Select province(s) and districts for the implementation of integrated inspection on a pilot basis, monitor progress and report to the tripartite working group and the National Labour Inspectorate.

Self-inspection and self-reporting

Objective:

The objective of this policy initiative is to encourage employers and workers, bi-laterally, to assume greater responsibility for labour protection in enterprises.

Strategies:

- Raise the awareness of employers/workplaces and workers on the nature and purpose of self-inspection and self-reporting, highlighting its contribution to improved workplace cooperation.
- Based on the registration and classification exercise, identify low risk enterprises
- Establish a tripartite working group to discuss and determine the content of the annual 'labour return'/self-reporting form.
- Prepare and trial the self-reporting form.
- Train inspectors, employers, and workers on the operation of the system.
- Arrange for all self-reporting forms to be checked for inconsistencies and anomalies.
- Arrange follow-up inspection visits to enterprises that fail to provide the detail required in the self-reporting form.
- Agree on the sample size for follow up visits to those enterprises that have completed the self-reporting form satisfactorily, and select enterprises at random.
- Encourage enterprises to complete the self-reporting form electronically.

- Determine penalties for failing to complete the self-reporting form.
- Ensure labour inspectorates have computer facilities and assist them to computerize the self-reporting system.
- In consultation with the tripartite working group, prepare a pilot project and agree on the provinces(s) and districts to participate in the project.
- Implement the project and monitor and report on progress.

Systems inspection

Objective:

The objective of this policy initiative is to encourage inspectors to focus on broader labour protection issues rather than specific and minor contraventions of the law.

Strategies:

- Educate inspectors, employers and workers on the nature and purpose of systems inspection.
- In consultation with employers and workers determine priority issues for systems inspection as, for example, fire safety, overtime payments, machine safety, accident prevention, and chemical storage.
- Plan and implement training courses on systems inspection for inspectors and arrange certification for those who successfully complete the training.
- Prepare standardized procedures for priority labour protection issues (e.g. fire safety) to be adapted to meet the needs of individual enterprises.

Labour extension

Objective:

The objective of this policy initiative is to extend aspects of labour protection to persons engaged in the informal economy.

Strategies:

- Define the informal economy in Pakistan and prepare a profile of its components and numbers.
- Identify segments of the informal economy for targeted assistance by the labour extension service.
- Decide which labour protection services to be provided to identified target groups.
- Establish a labour extension unit in each province under the Provincial Labour Department.
- Select and recruit labour extension officers.
- Design training courses for labour extension officers, prepare training materials, and conduct training.
- Prepare awareness materials to promote the extension service and implement publicity campaign.
- Decide on reporting arrangements for labour extension services.
- Establish linkages with other agencies involved in the informal economy.
- Decide on the provinces and districts for the conduct of a pilot project and in consultation with key informants from the informal economy.
- Design and implement pilot projects.

Private sector involvement

Objective:

The objective of this initiative is to encourage and support the involvement of private sector enterprises and individuals in the provision of labour inspection services.

Strategies:

- Establish a tripartite working group to advise on the introduction of a licensing and accreditation system.
- Determine priority areas for private sector involvement in labour inspection.
- Review labour legislation to accommodate the licensing and accreditation of private agents.
- Decide on a reporting and monitoring system for private operators.
- Establish a scale of fees payable to private operators.
- Train labour inspectors to manage the system
- Implement the system on a pilot basis in the first instance.

Capacity building

Objective:

The objective of this policy initiative is to ensure that labour inspectorates and the social partners have the knowledge, skills and resource support to support a modern and effective inspection system.

Strategies:

- Undertake a performance audit of the labour inspection system, including a human resource audit of inspectors and support staff.
- Prepare a performance-based ‘corporate plan’ for each inspectorate.
- Identify gaps between actual performance and the corporate plan requirements.
- Prepare operational strategies to address performance gaps, including the design and implementation of training programmes for inspectors, the acquisition of equipment and support resources, and the strengthening of information collection, analysis and distribution.
- Prepare and implement a strategy for the recruitment and employment of female inspectors.
- Establish a working group to advise on the salary and conditions of labour inspectors and the means and methods to encourage their increased motivation and commitment.
- Assist employers and workers and their respective organizations to assess their capacity to adapt to new approaches to inspection.
- Plan and implement training activities for employers and workers.
- Prepare and distribute publicity materials relating to new approaches to inspection.

ACTION PLANS

Detailed action plans will be prepared to support each policy element and its related implementation strategy. Each action plan will include

- specific objectives
- specific steps to be taken to achieve objectives
- persons and agencies responsible for each step
- implementation time frames
- resource requirements
- monitoring and reporting arrangements.

PILOT PROJECTS

A number of the new policy initiatives will be introduced on a pilot basis in the first instance, namely,

- Registration and classification
- integrated inspection
- self-inspection and self-reporting
- labour extension