



WEEKLY LABOUR BULLETIN

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WAGES, BENEFITS & COMPLIANCE IN THE AGRICULTURAL SECTOR

INTRODUCTION

The wages and conditions of employment in the agricultural sector are regulated by the National Employment Council for the Agricultural Industry (NEC Agriculture) through Collective Bargaining Agreements (CBAs). All farmers are legally required to comply with NEC wage structures, allowances, and contributions ([section 82 of the Labour Act](#)).

MINIMUM WAGES: WHAT FARMERS MUST KNOW

There are 7 sub-sectors in the agriculture industry, which are:

1. General Agriculture
2. Horticulture
3. Agro
4. Timber
5. Tea and Coffee
6. Kapenta
7. Sugar cane

It was resolved at the Full Council of the NEC that each sub-sector must have its own minimum wage and a negotiating committee for each sub-sector, which negotiates wages and allowances. It is important to note that employers cannot pay below the NEC minimums set for each sub-sector unless formally exempted. **Minimum wages are a legal floor, not a recommended wage.** To be exempted from paying the minimum wage prescribed, the employer must apply to the NEC to be exempted from paying the minimum wage.

As stated earlier, the wages and allowances are different for each subsector. In some sub-sectors, the wages are paid wholly in USD, but in other sub-sectors, a certain percentage is paid in USD, and the other is paid in local currency; that is the ZWG. The amounts and percentages agreed upon are the minimum that a farmer must pay; employers cannot go below those stipulated figures. However, nothing is stopping the employer from paying above the stipulated wage or percentage.

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ALLOWANCES

The following allowances are benefits that must either be provided by the employer to an employee or paid as an allowance:

1. Accommodation or housing
2. Fuel
3. Lighting
4. Transport
5. Travel and subsistence
6. Dog handling
7. Firearm

Transport, travel, and subsistence expenses are reimbursed based on the actual costs incurred by the employee. Dog-handling and firearm allowances are paid as a percentage of the employee's wage, as determined from time to time. All other allowances are negotiated through the NEC according to the relevant sub-sector, and the agreed amounts are then paid to the employee.

However, where an employer provides benefits such as accommodation, lighting, fuel, or transport, they are not required to pay the corresponding allowances.

If an employee declines accommodation offered on the farm, they forfeit their entitlement to the accommodation allowance, as well as any related allowances such as lighting and fuel, where these are provided together with the accommodation. It is therefore **important to include a clause in the employment contract stating that accommodation is provided**, and that **refusal** of this offer **results in the waiver of the accommodation allowance**.

NEC DEDUCTIONS

In our Labour Bulletin on unpacking the NEC, we spoke about the mandate of the NEC and that for it to carry out its mandate, employers and employees must pay NEC dues to make this possible. The NEC dues are paid at 3%, with 1.5% being paid by the employee and 1.5% by the employer. These NEC dues must be paid by the 10th of each month. Failure to pay will result in an interest of 10% per annum.

The forms for remitting the NEC dues can be found in the fourth schedule [S.1 41 of 2022](#). It is **important** to note that the **NEC dues must be deducted from every employee, whether they are permanent, seasonal, fixed-term or casual contract employees**.



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INSPECTIONS & ENFORCEMENT

The NEC is permitted by law to conduct inspections and enforce compliance with any CBAs in the agriculture industry (section 63 of the Labour Act). Therefore, it is important for the farmer to adhere to all the provisions in the CBAs found in the agriculture industry, not just the ones on wages.

The most common mistakes that farmers make are:

1. Underpaying wages.
2. Ignoring allowances or providing inadequately for the allowance they are not paying. For example, providing inadequate lighting.
3. Not remitting NEC dues and not remitting them in the same ratio they are paying wages.
4. Not providing PPEs.

CONCLUSION

Adherence to collective bargaining agreements (CBAs) and the prescribed wage levels is compulsory. Farmers should therefore ensure full compliance to avoid falling foul of the law during NEC inspections. Failure to comply may result in prosecution, which can become costly over time due to penalties and accrued interest.

Disclaimer: This article is issued to serve as a general guide to farmers and does not substitute legal advice that may be required to address a particular situation with peculiar circumstances.

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