

Sri Lanka workers: No decent work with precarious work

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The purpose of this article is to discuss some matters regarding the efforts taken by the ILO to improve decent work at workplaces and the role of EFC towards that effort. There are so many projects organised by the ILO to improve tripartite relationships when settling workers issues. In this regard the recent Evaluation Workshop organised by the ILO on 30th March, 2015 at Waters Edge reviewed the work relating to the projects carried out by stakeholders in 2014. There were several awareness programmes organised by trade unions, EFC and the Department of Labour with the help of the ILO. These included educating workers, TU leaders, HR officers, Labour officers and LT Presidents on Freedom of Association and Collective Bargaining.

What are the major issues confronting workers at the moment? These include a living wage, Cost of Living Allowance, job security, right to organise, abolition of precarious work systems. After spending much money on the above programmes, has there been a settlement or reduction of these issues? From the employer's point of view the answer has been, Yes. But according to the workers, the issues have been aggravated. Who is telling the truth?

Living wage

Have the salaries of workers increased according to the escalating prices of essential goods? According to the Department of Census & Statistics a family of four members needs Rs. 51,000 per month to live a normal life. How many families in Sri Lanka get this income? It assumes that the both mother and father work, each of them should earn at least Rs. 25,500 per month. Some of the workers are governed by the Wages Board Ordinance. As per amendments to some Wages Boards in 2013, monthly minimum salaries are as follows.

Garment industry Rs. 8,970
Textile Rs. 9,660
Security service Rs. 8,820
Metal quarry &
crushing Rs. 11,000
Nursing home Rs. 9,315
Leather Industry Rs. 9,660
Janitorial/Hotel Rs. 9,660

These are the basic salaries. In addition to this some of them get attendance and incentive allowances. In the FTZ if a worker is to get these allowances, they have to achieve a set target by working six days per week and about 12 hours per day. One days' absence due to sickness may forfeit these allowances. Furthermore if even one worker is absent on a production line, all workers on that line may not get the allowance.

At the 2015 May Day rally Prime Minister Ranil Wickremesinghe promised to increase the basic salary of private sector employees to Rs. 10,000. He also promised to give a salary increase of Rs. 1,500 from May 1 and another Rs. 1,000 from 1st of January 2016. To fulfill this promise to private sector employees, the Government was to pass an Act in Parliament. But we have not seen any active steps being taken in that regard to date. According to news reports the only bill to be submitted to Parliament is the 20th Amendment to the Constitution. Thereafter Parliament may be dissolved. So the Prime Minister's May Day promise will be only a promise.

Meanwhile the Director General of the EFC addressing a discussion forum at the Central Bank's Staff Training Centre last month has said that the EFC objects to a uniform salary increase to the private sector by an Act of Parliament. He has been urging the Prime Minister not to go ahead with this decision. He has pointed out that such uniform salary increase would lead to closure of some businesses. His argument is that the private sector has already a salary increasing mechanism.

It is understood that the EFC has a membership of about 550 which is a very small percentage of the registered companies of Sri Lanka. Out of these companies only few companies have Collective Agreements with their unions. Most of these companies give salary increases of less than 10 per cent. Other companies do not have proper mechanisms for salary increases to their workers. However all these companies introduce various tactics to get more and more production from the workers, irrespective of a wage hike. Curtailing workers rights, increasing working hours, recruiting precarious workers are some of them. At the end of it all, we can see that these companies are making huge profits every year. In an unholy race, every company's target is to earn a greater profit percentage than the previous year, at the expense of the quality of their products. This percentage indicates the success or failure of a company in a particular year.

This situation finally boomerangs on the producers itself. If the workers share of the profits do not go to them, the workers buying power will be reduced resulting in reduction of demand and surplus stock. This is one reason for the ever increasing income gap in the country. Present policies of the EFC help to expand this gap. These policies should be changed for the better, in order to build up a civilised society.

Cost of Living Allowance (COLA)

The Cost of Living Allowance is paid to compensate for the escalating price increases of essential goods. That means the income of workers will increase to some extent automatically, when prices of goods increased. The government had stopped gazetting the unit price of the COL Index from 2009. Taking advantage of this situation some employers have stopped paying COLA and introduced a lump sum payment instead. This increase has not compensated for the ever increasing prices of goods.

During Collective Agreement discussions, the EFC had taken up the position that publishing of COLA has been stopped by the government, which is factually incorrect. According to a gazette notification issued in 2009 the unit price of COLA was Rs. 67. This means until a fresh gazette is issued, the unit price of Rs. 67 continues to exist. Employers can pay the COLA based on this figure. But due to continuous refusal by the employers and the EFC, some unions have been compelled to accept the

lump sum payment in lieu of COLA. Now most of the unions have given up the fight for COLA.

Job security and decent work

Under prevailing labour laws there are many provisions to protect the job of a worker. Due to this employers are unable to terminate workers as and when they want. We have seen employers pressurising the governments through the EFC to ease these laws in order to implement a hire and fire policy and exploit the workers. At the March 30 workshop, the EFC DG Ravi Peiris complained that the government had not responded to their request to amend the labour laws. Now the trend in most enterprises is to recruit precarious workers.

Thereby they are evading their legitimate obligations towards these workers. Salaries of these precarious workers are about 1/3rd or 1/4th of a permanent worker. They have no other rights such as to organise, to bargain or at least to present their grievances. Blue chip companies are also implementing these tactics. Can we call them as entrepreneurs? The EFC at present seems to be in favour of these processes. Now they want to remove the laws that protect workers rights. Without a living wage and labour rights, can there be decent work?

We know that the ILO formulates international labour standards and attempt to get these standards implemented. There is much to be done in Sri Lanka toward this goal. Much money is spent on it. Addressing the ILO conference in 2014 at Geneva, Mr. Peiris proposed a review ILO's strategic objectives. He further had said that the ILO must be less prescriptive and more proactive. He insists that the ILO reverse its objectives. What he wants is to liberalise labour regulations more in order to allow employers to exploit their workers more. They also seek to legalise manpower working system.

A leading blue chip company which is a member of the EFC retains approximately Rs. 30,000 per month from a manpower worker (this is the difference between the salary given to a permanent worker and to a manpower worker who does the same job). The company employs around 600 manpower workers. Hence the company would earn Rs. 18,000,000 per month and Rs. 216,000,000 per year through this system. This amount would be shown as their profits. So without increasing production, the company robs this much of money while exploiting the workers. What is the advice given by the EFC to this company? Funnily this company has been recognised by a foreign magazine with an award for Best Human Resource practices.

On the other hand the monetary benefits gained through recruiting manpower workers are never passed on to customers. The goods and services provided by such companies are increasing all the time.

Right to organise

At the workshop a BOI official pointed out that the number of issues relating to labour were reduced at the Katunayake FTZ, and that meant that there were less workers issues and they settle the matters with the management. This is not the truth. Workers are not allowed to exercise their right to organise especially in the FTZ. Workers who try to organise unions or try to represent matters are subject to victimisation. Therefore workers do not come forward to bring their issues to the managements and work under pressure. Workers are always complaining about harassment by their superiors at most work places, for not meeting the production targets.

Managements are taking every step to avoid the formation of unions. The best example is the

incident at Ansell Lanka Ltd. The company refused to bargain with the newly formed union and sacked 11 workers including the President and some other office bearers of the union for staging a strike demanding the recognition of the union.

In meetings with the workers, we have heard of number of incidents at their work places with lots of issues, fear and harassment. Complaining to the authorities do not bring any results. Therefore workers have no confidence in law enforcing authorities such as BOI or Labour officials.

Freedom of Expression

In September 2014 at Next Garment Mfg (Pvt) Ltd, Katunayake, about 300 workers were hospitalised due to food poisoning. One female worker died. Workers were interviewed by media and they complained about the shortcomings in food given to them. Later the management took steps to harass the workers who gave information to the media. For about two to three weeks the activists at Next were followed by unidentified persons.

Managements are not unaware about the law. They know the laws very well and always make attempts to circumvent the laws. In this situation there is no purpose in complaining to the Labour Department as most of the time they also take the side of employer.

Other example is the incident at a company at Agarapatana. The Commercial and Industrial Workers Union (CIWU) submitted its demands for a new Collective Agreement. After several discussions negotiations came to a halt when the company refused the payment of COLA. They wanted to withdraw the COLA payment and to pay a lump sum payment instead. Later the company convinced some members of the CIWU to accept the lump sum payment and with their help the company signed an agreement with another Union. The CIWU disputed this action at the Labour Department and requested not to gazette the agreement. However the department gazetted the agreement ignoring the objections of the CIWU. After several months, members who resigned from CIWU understanding the blunder that they have done, rejoined the CIWU again.

At the evaluation workshop one participant pointed out that the present strategy is the individual development and not collective development. This is correct. When we put this theory in to the practice, everybody tries to be smart. The objective is to fulfill targets. When this is applied in a production line, the objective of the supervisor is to get the work done by his subordinates by hook or by crook. That is the only way to increase profits.

Employers, HR personnel attend workshops. They may come, listen, go back and work as usual. There are no unions to complain. If there are workers councils, members are nominated by Managers. Only very few places have workers elected councils. Workers do not have confidence in Labour officials and the Labour Department. Laws are there. The implementing bodies are blind, deaf and dumb. This is the reality.

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P.S.

* The Sunday Times, Sunday, June 14, 2015:

<http://www.sundaytimes.lk/150614/business-times/no-decent-work-with-precarious-work-152966.html>