

# Arbitrary wage cuts imposed on Sri Lankan estate workers

W.A. Sunil  
12 April 2019

A recently published report by the Thomson Reuters Foundation (TRF), a London-based charity, further exposes the harsh exploitation of Sri Lankan estate workers.

The TRF research highlights, in particular, illegal income deductions imposed by Regional Plantation Companies (RPCs). It confirms the ongoing exposures by the *World Socialist Web Site* (WSWS) and the Socialist Equality Party of the poverty-level wages and harsh conditions facing plantation workers and their families.

Estate workers have demanded a 100 percent increase in their daily basic wage of 500 rupees (\$US2.86). They held a nine-day national strike last December before the trade unions shut it down.

The workers' demands, made in order to secure minimum living conditions, were rejected by the RPCs, which granted a 40 percent wage rise but slashed attendance and incentive allowances. In effect, the increase amounted to just 20 rupees or 11 US cents a day. The government fully endorsed the deal, and the unions are enforcing it.

The TRF report says unlawful deductions and high workloads are the main factors in the social misery facing plantation workers. "Some workers at tea estates certified by Rainforest Alliance and Fairtrade take home as little as 26 Sri Lankan rupees (\$US14 cents) a day after fees and deductions levied without consent," it states.

The Rainforest Alliance is a New York-based non-government organisation, "working to conserve biodiversity." Fairtrade says it is "an institutional arrangement designed to help producers in developing countries."

Many plantation companies, including at Watawala, Bogawantalwa, Kelani Valley, Maskeliya and Balangoda, enjoy Rainforest Alliance and Fairtrade certification and use it to gain favourable consumer publicity and higher prices in the world market.

The research notes: "Wage slips from 17 workers at nine Rainforest-certified tea estates—six of which were also backed by Fairtrade—showed daily earnings widely being cut by more than three-quarters for debt repayments, salary

advances and a laundry list of fees...

"[W]orkers at Fairtrade-certified estates were subject to 74 percent wage deductions on average, while those at Rainforest Alliance-backed estates saw 65 percent [of their income] taken away."

The report also cites the monthly pay sheets of Nuwara Eliya estate workers, showing that their wages were halved if they failed to meet daily targets or arrived late for work.

The deductions are illegal. The companies have violated Sri Lanka's limited labour laws, including the Industrial Disputes Act, Wages Board Ordinance and Allowances to Plantation Workers Act.

A Fairtrade spokeswoman insisted that if the TRF's allegations were confirmed it "represent serious violations of the Fairtrade Standards," which include the right to organise, no forced or child labor, equal working conditions, salaries to be equal or higher than minimum wage, and good safety and health measures.

Workers told TRF researchers that their estates only abided by the "ethical standards of certifiers" during audits and that plantation employees were afraid to complain to auditors because they feared management victimisation.

Plantation Industries Minister Naveen Dissanayake rejected the TRF's findings that plantation workers' wages were being halved by deductions. Dissanayake hypocritically acknowledged, however, that "estate workers are one of the most impoverished communities with the highest rate of malnourishment."

The Plantation Association (PA), which represents RPCs, issued a statement claiming that the TRF report was misleading. The TRF answered the PA's allegations this week, producing evidence to prove that its report was accurate.

The PA claimed that the RPCs "always remained sensitive to medical requirements" of workers, and that workers received "guaranteed" lifetime family employment with a mandatory 300 days' work per year from 18 to 60 years of age, 20 fully-paid holidays, and 14 days' medical leave.

In an attempt to deny endemic malnutrition among

plantation workers, the PA quoted a census and statistics department report and claimed that workers' daily calories intake was 2,307—higher than the recommended 2,030 calories.

These claims are highly selective and unreal. Even if the collective average monthly income of a family of four is 34,000 rupees, according to the government figures, monthly family expenditure consumes over 100 percent of that income.

Government statistics show that about 9 percent of children in plantations are severely stunted, while in the Nuwara-Eliya district 29.5 percent are underweight. The infant mortality rate in the estates—13 percent—is the highest of any sector in Sri Lanka.

The PA's claim about the number of holidays workers receive with full pay full is false. Workers, in fact, only receive three paid holidays.

The PA statement claimed that the recent collective wage agreement gave estate workers "an attractive salary" to "enable workers to earn the desired 1,000 rupees per day."

This is a lie. Under the agreement workers receive a 730-rupee, all-inclusive daily wage. In an attempt to deflect the workers' anger, the government added 50 rupees as a temporary allowance for one year. To receive additional income, workers must meet higher productivity targets.

The PA further claimed that RPCs provide workers with free milk powder, flour and rice for babies up to the age of five years. Workers consistently deny that they receive this assistance.

As for the RPCs' "sensitivity to medical requirements" most plantation hospitals have no qualified doctors or related staff, let alone basic medicine.

A Theresa Estate worker told the WSWs: "We only have a dispensary with a nurse and an attendant and there are only very few medicines. We have to buy other drugs from outside."

Annfield and Dickoya estates workers reported that management cut wages if workers did not meet the 18-kilo daily tea-plucking target.

Unilever claimed it was "deeply concerned" by the TRF report, while Tetley, a subsidiary of Indian-owned Tata Global Beverages, hypocritically said it was "in touch" with the findings.

These giant corporations, the largest tea trading companies, have not the slightest concern about plantation workers. Instead, they derive massive profits through brutal exploitation of the plantation workforce.

The net profit of Unilever's "refreshment" business, which includes tea, in 2017 was £6,486 million (\$US8,466 million), with a profit margin of 11.3 percent. This was an increase on the previous year's £5,547 million, with a profit

margin of 9.8 percent. Tetley's net profit for the 2017–2018 financial year was 5,670 million Indian rupees (\$US80 million), up from 4,640 million rupees the previous year (see: "Sri Lankan plantation companies reap huge profits while attacking workers' wages and conditions").

A recent University of Sheffield study noted: "[E]xploitation, including forced labour, is endemic at the base of the global tea and cocoa supply chains." Employers were "under-paying wages" and "under-providing legally-mandated essential services such as drinking water and toilets."

The latest collective wage agreement included clauses to introduce a "revenue share system," which would abolish the wage system and limited social benefits and transform workers and their families into virtual share-croppers.

An unnamed manager from Robgill estate in Bogawantalwa told the TRF that companies used deductions from wages to help "ease" workers' lives. This is a gross lie. Estate workers are deprived of the most basic social rights, such as housing, health and education. Most still live in small, overcrowded and unsafe line rooms built during British colonial rule.

Devastating fires in line rooms or estate houses occur regularly. On January 29, 12 line rooms at the Robgill estate were destroyed by fire, leaving 16 families homeless. On December 29 last year, a fire gutted about 20 homes at the Fordyce Estate near Hatton.

*The authors also recommend:*

Sri Lankan plantation workers protest unions' sellout wage deal

[29 January 2019]

The international significance of the Sri Lankan plantation workers' strike

[17 December 2018]



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**