

## **For Employees its not percentages But a "Living Wage" that matters**

President Rajapaksa presented the UPFA government's 2012 Budget in parliament, on 21 November, last. The President said in his budget speech, he would now honour the promise he made at the 2010 Presidential elections, on increasing the wages of the State employees by 2,500 rupees.

He said, "Nevertheless, I granted a minimum salary increase of Rs. 1,200 in the 2011 Budget" Thereafter he explained thus. "Hon. Speaker, I am now ready to fulfill the promise to give Rs. 2,500 as a wage increase. Therefore, I propose a wage increase of 10 percent of the basic salary to all public servants." That increase for the Staff graders would be in 02 instalments in January and and July, 2012.

The President also added, "I wish to note that every public servant will get a salary increase of over Rs. 2,500 within 2011/2012."

That makes calculations easy. The increase is not less than 2,500 rupees and not very much more. As it would be added as an allowance to the salary, there is no added benefit from that increase, as well.

Meanwhile, the budget had the Rupee devalued by 03 per cent, in relation to the US dollar. The explanation was that it would help exporters. Yet it would increase the price of all imports, beginning from the Corriander seed. As we all know quite well, any increase in cost is always passed on to the consumer and merchants, exporters and traders don't lose on increased costs. Thus prices of all consumer goods from the loaf of bread onward, have started a gradual increase, already.

This has almost completely negated the Presidential promise made at the 2010 presidential elections and honoured in the 2012 budget with a not less than 2,500 rupee salary increase.

President had also provided many incentives and benefits to the export sector and large businesses in this budget too. In his previous budget, he provided incentives to those businesses that he expected would make value added products. They were by way of five, tax related concessions. There were other tax concessions for development of the hospitality industry as well. This time too, businesses have been provided many economic benefits. Some of it in brief, is as follows.

- Promise to reduce tax on machinery and equipment imported by companies
- Reducing income tax down to 12 per cent to help private health services to improve
- Yarn imports to be exempted from all taxes at the point of Customs, in promoting local production of basic materials required for the apparel sector and Customs tax and VAT on import of machinery and

- equipment meant for modernising of the sector to be removed
- Proposed an 08 per cent per annum low interest loan repayable within 07 years, to the plantation companies, for re planting
- Investments from Rs. 50 to 300 million to be exempted from taxing, for 04 to 06 years
- Investments from Rs. 300 to 2,500 million to be exempted from taxing over a period of 06 to 12 years.

In this backdrop, where businesses are provided with numerous benefits and concessions, we draw attention to the fact that the Private sector, the Corporation and the Co-operative sector employees who are direct contributors in production and services in this country, have been totally ignored in the 2012 budget proposals. While State employees had their paltry salary allowance offered, immediately robbed through the depreciation of the rupee, rest of the wage earners now face a more trying situation.

Let us note the following, which is a very common tale.

- Minimum monthly wage in the State sector is Rs. 11,730 and they have the Cost of Living Allowance of Rs. 5,750 added providing them a monthly salary of nearly Rs. 17,500.
- Corporation and Co-operative sector employees are not entitled to benefits and salary increases given through budget proposals or otherwise provided to the State employees.
- The Private sector has nothing to do with any of it.
- As at present, the minimum monthly wage in the private sector is Rs. 6,950 only. They are given a monthly Budgetary Relief allowance of Rs. 1,000 and that leaves a deficit of Rs. 9,550, compared to the minimum wage in the State sector.

They are all consumers who have to live in a market economy, where prices remain almost the same, if not with slight variations. They also have to struggle to maintain a very minimum living standard too. Any one would agree, the salary anomaly present between them, does not even allow a minimum living standard, possible.

Let us also make this, abundantly clear. A "minimum wage" is not what the government and the private employer is willing to decide on. This modern world has accepted human living standards and conditions for a healthy life, with facilities for health, access to nutritious food and other essential facilities. A minimum wage thus should be one that would allow such life, continuously. It is thus a "living wage".

The Census and Statistics Department has calculated the income necessary for such basic living, in a household. The Final Report of their "Household Income & Expenditure – 2009/2010" survey reveals,

- the household income necessary for food in the Colombo district, which is the highest, is Rs. 16,121 per month.

- In Jaffna district where it is the lowest, the necessary income for food is Rs. 14,787 per month.

The national average household income required for food, thus works out to be around Rs. 15,500 per month. This, please note, ignores all other household requirements.

The Census & Statistics Dept. has calculated this food expense of Rs. 15,500 to be about 35 per cent of the total income requirement for a household. It thus means, a household of 04, would require another Rs. 29,000 for rent, clothing, medical care, education for children and daily travel, as basics. This makes a total of Rs. 44,500 the minimum income necessary, for the basic family life.

Let us also stress that this figure calculated by the Census & Statistics Dept. is not based on consumer prices of urban middle class shopping. This Rs. 44,500 is the minimum needed to survive with basics.

Accordingly, even after the new salary allowance of Rs. 2,500 provided from this budget to the State employees, they could just manage half a month. With the present salary, a private sector employee may manage just 05 days.

We would therefore place this very justifiable demand on behalf of all discriminated wage earners, for early resolution.

- Increase the minimum monthly salary to be equivalent to that of the State employee, including the C.o.L allowance
- Provide all experience employees with salary increments that would compensate their years in service

to be immediately applicable to those in the Free Trade Zones, the apparel sector and all BOI approved projects, along with those in State Corporations and the Co-operative sector.

Let us in conclusion stress that this minimum salary asked for, is yet only half the cost calculated for a meagre living of a household, by the Census & Statistics Department.

Thanks  
Yours Faithfully  
Anton Marcus  
Joint Secretary

**Free Trade Zone General  
Services & Employees' Union**