

LIVING WAGE FOR THE TEA ESTATE WORKERS IN SRI LANKA

September 2022



Professor S. Vijesandiran
Department of Economics and Statistics
University of Peradeniya



Institute of Social Development
246/4 Ranawana Road
Katugastota - Kandy

PREFACE

In many of the developing countries, workers are systematically denied their labour rights, respect to just and fair wages. The concern on Living Wage (LW) has been increased world-wide to cater new economic and social opportunities for the poor workers those are paid poorly. The tea estate sector workers in Sri Lanka also paid a lower daily wage while tea plantation industry is still plays a vital role in the Country's economy. Paying low wages is an historical feature in the Sri Lankan plantations since colonization period, which has not been changed during the nationalization period and even after re-privatization of the plantations in 1992. Consequently, tea estate workers community in Sri Lanka has been marginalized in all aspects of socio-economic development.

The Institute of Social Development (ISD) and the Bread for the World (BftW) organization were jointly initiated to estimate a LW for the tea estate workers of Sri Lanka in 2018. This LW is an update of estimation made in February 2021 with context of cost of living as in September 2022. The estimate of this study expected to share with wider community including Planation Trade Unions and Regional Planation Companies with the hope that it will contribute largely to win a fair and just wage for the tea estate workers in Sri Lanka.

The successful completion of this study is the output of active contributions of many activists involved in this study. Hence, I sincerely thanking to Mr. P. Muthulingam, the Executive Director of the Institute of Social Development for providing an opportunity to me contracting this important task and for his valuable comments as well as suggestions towards improving the quality of the report. I also highly appreciate and acknowledge my thanks for the field enumerators and data analysisist. Further, I also wish to extent my gratitude to all the respondents and supporters for their valuable contributions in many ways to prepare this report. .

Prof. Sangaran Vijesandiran
Consultant.

5th October 2022

CONTENTS

	Page
01 INTRODUCTION	01
1.1 Background	01
1.2 Why this Living Wages Study?	02
1.3 Wage Trend in Tea Estate Sector	03
2.0 LIVING WAGE CONCEPTS	04
2.1 What is living wage?	04
2.2 How Living Wage Differ from Minimum wage	05
2.3 Global Concern on Living Wage	05
3.0 METHODOLOGY OF CALCULATING LIVING WAGE	06
3.1 Concepts and Definition	06
3.2 Formula and Procedures	06
3.3 Procedure to Determine the Cost for Basic and Decent Life	07
3.4 Data and Sources	08
3.5 Assumptions Used for Estimation Living Wage	09
3.6 Determination Used for Model Diet	09
4.0 COST FOR THE DECENT LIFE OF TEA ESTATE WORKERS FAMILY	10
4.1 Component of Living Wage	10
4.2 Estimated Living Cost for a Tea Estate Worker Family	10
5.0 LIVING WAGE FOR A TEA ESTATE WORKER FAMILY	11
5.1 Family Size and Number of Full Time Worker	11
5.2 Mandatory Deductions	11
5.3 Value of In-kind Benefits	11
5.4 Gross Living Wage (GLW)	12
5.5 Net Living Wage (NLW)	12
5.6 Daily Living Wage (DLW)	14
5.7 Prevailing Gross Wage (PGW)	14

6.0	COMPARISON OF ESTATE AND NON-ESTATE SECTOR PREVAILING WAGES	16
6.1	Prevailing Monthly Cash Wages	16
6.2	Nominal and Real Wages	16
6.3	Comparisons of Living Wages	16
7.0	ECONOMIC PERFORMANCE OF THE TEA ESTATE SECTOR	18
7.1	Managing Agents of tea Estates	18
7.2	Tea Fields and Productivity	18
7.3	Tea Production and Export Earnings	18
7.4	Land Extent	19
7.5	Labour Force	19
7.6	Average Price of Tea	19
7.7	Cost of Production	19
8.0	CONCLUSION	20
	References	21
	Annexure	22

List of Tables

	Page
Table 1: Monthly Living Cost for a Worker Family in the Tea Estates: August 2018, January 2021 and September – 2022	10
Table 2: Average Mandatory Deductions from Gross Pay of an Estate Worker/Month	11
Table 3: Final Summary of Living Wages Estimates For Reference Tea Estate Worker Family/Month	13
Table 4: Components of the Prevailing Daily Wage of Tea Estate Workers in Sri Lanka	15
Table 5: Comparison of Living Wage of Tea Estate Sector Workers with Daily Wages of Other Comparable Sectors and Poverty Level Living Wages.	17

ABBREVIATIONS

BW	- Basic Wage
CBSL	- Central Bank of Sri Lanka
CCPI	- Colombo Consumer Price Index
CEF	- Ceylon Employers Federation
COAL	- Cost Of Living Allowance
COP	- Cost of Production
DCS	- Department of Census and Statistics
EPF	- Employers Provident Fund
ETF	- Employers Trust Fund
FAO	- Food and Agriculture Organization
GDP	- Gross Domestic Product
GDW	- Gross Daily Wage
GLWC	- Global Living Wage Collation
HIES	- Household Income and Expenditure Survey
ILO	- International Labour Organization
ISD	- Institute of Social Development
LKR	- Sri Lankan Rupees
LW	- Living wage
MW	- Minimum Wage
NCPI	- National Consumer Price Index
NFNH	- Non-Food and Non-Housing
NLW	- Net Living Wage
PTU	- Planation Trade Union
RPC	- Regional Planation Companies
SLSPC	- Sri Lanka State planation Corporation
SOA	- State Owned Agencies
US\$/USD	- United States of America's Currency – Dollar
WHO	- World Health Organization

SUMMARY HIGHLIGHTS

- Reference Family Size of a Tea Estate Worker Family = 4.0 Persons
- Average income Earners in a Tea Estate Workers Family = 1.54 Workers
- **Total Cost for a Standard Decent Living of an Estate Worker Family = LKR 83,332.00**
- Prevailing Daily Cash Wage for an Estate Worker = LKR 1000.00
- Prevailing Monthly Wage Earnings (for 21 days of Work) = LKR 21,000.00
- Prevailing Gross Earnings of an Estate Worker/Month = LKR 28,820.75
- Sri Lankan Living Wage for a Standard Family = LKR 6 0,230.00
- Average Mandatory Deductions from Pay/Worker/Month = LKR 2812.00
- Estimated Value for In-kind Benefits from Employer/Month = LKR 2787.00
- Estimated Gross Living Wage /Worker/Month = LKR 56,923.00
- **Estimated Net Living Wage /Worker/Month = LKR 54,136.00**
- Gross Daily Living Wage/Worker for 21 days of work = LKR 2710.00
- Gross Daily Living Wage/Worker for 25 days of work = LKR 2276.00
- Net Daily Living Wage/Worker for 21 days of work = LKR 2777.00
- **Net Daily Living Wage/Worker for 25 days of work = LKR 2165.00**
- Adjusted Net Daily Living Wage for 21 days of work = LKR 2423.00
- Adjusted Net Daily Living Wage for 25 days of work = LKR 2012.00

1.0 INTRODUCTION

1.1 Background

The ILO prerequisite worldwide peace and harmony is 'the provision of an adequate Living Wage (LW). The Universal Declaration of Human Rights proclaims that 'everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity' (Anker, 2006). There is an international concern that *all the workers to be paid a living wage appropriate to their economic context considering it is as a basic right of a them and it also should be* above the statutory minimum set down by the respective governments or National Wage Boards. In a nutshell, it could be said that the fight for all workers to enjoy a LW in decent terms is a central pillar for social justice.

The LW wage concept is globally concerned and highly recognized in the implementation of sustainable wage policies of many countries to ensure fair wages for working peoples and to have a decent lives by them and their families. Furthermore, Anker (2006) points out that the right of workers to earn a sustainable living wage has been accepted by the many international organizations as well. The LWs expected to prevent labour exploitation, control excessive wage situation, minimize income inequalities, eradicate poverty, and protect lower income group from marginalization. Hence, these are considered as a key elements for sustainable development of any country. Universal Declaration of Human Rights (1948) also recognizes the worker's right to just and favorable remuneration which ensure for himself and his family an existence worthy of human dignity.

Agro-based industries, like tea plantations in the world are historically have exploitative nature of work with high level of labour exploitation and violation of labour rights such are poor wages, long hours of work and poor working conditions. Even, the Labour laws of Sri Lanka stipulate guidelines and legal provisions for reasonable minimum wages for plantation workers and their working conditions, the workers of tea plantation sector experience similar exploitative and vulnerable working conditions including low wages. The labour rights aspect of planation workers are not fully recognized by the Regional Planation Companies (RPCs) since re-privatization of planation management since 1992. Hence, large number of tea estate workers still have been exploited through denial of their just wage which needed to have a decent life. As a result, the tea estate workers' families suffer from poverty and under development.

Tea plantations in Sri Lanka were established in 1840s by the British and tea estate workers were brought by them from South India to work in these plantations. The plantation sector in Sri Lanka, particularly the tea industry has been playing a crucial role in the economy during last two centuries with its contribution to gross domestic product employment, export earnings and government revenue. This sector has accounted for around 7.0% of GDP and 16.1% of the total export earnings in 2016 as well as share nearly 10.0% of the entire workforce of the country (CBSL, 2016). This sector also occupies nearly 20% of the total agricultural land of the country. Under the planation system of productions, estate workers were paid

a lower rate of daily wage compared to the similar categories of workers. The tea estate workers had been paid LKR1000.00 per day as a daily wage by the estate managements.

The first LW a study of Institute of Social Development (ISD) for the Sri Lankan tea estate workers was initiated in 2018 with the support of the Bread for the World (BfW) organization. According to this study, estimated LW for a tea estate workers as in January 2018 was LKR. 1108.00 per day. This LW value was taken by the plantation Trade Unions during their wage bargaining process in 2018 and they managed to increase the daily wage rate up to LKR 750.00 per day per worker. However, which was 47.73% less than the expected living wage (LKR 1108.00) for a tea estate worker in 2018. The ISD made another effort to estimate the updated version of LW taking into account of cost of living and changes in the living conditions based on the context provided in February 2021. According to this updated version, the tea estate workers were expected to pay LKR. 1225.81 per day. Based on this LW estimation, Plantation Trade Unions (PTUs) were called the Ceylon Employers Federation (CEF) for a wage bargaining in 2021. After many round of wage negotiation process, the effort was failed without any consensus between the CEF and PTUs. Hence the PTUs were approached the government to determine the daily wage for the tea estate workers through Minimum Wage Board of the Country. As a result, the Government intervened through Minimum Wage Board and determined Rs 1000/- (Basic wage of Rs 900.00 + Cost of living allowance of Rs. 100.00) as the daily wage rate for tea estate workers. This wage level also shown 18.42% less than the expected LW of 1225.81. However relatively better improvement indicated than the 2018 wage determination situation.

There is a new claim on higher wage form tea estate workers with increase of cost living caused by economic downward of the country which influenced to the higher rate of inflation steadily moving upward very fast. Hence, the ISD decided to estimate a fresh living wage for the tea estate workers based on current economic scenario of the country taking into account of the context as in September 2022.

1.2 Why this Living Wages Study?

This study is an updated of LW for tea estate workers in Sri Lanka taking into account of the two previous LW study conducted by the ISD in January 2018 and February 2021. An attempt made by the ISD to conduct a rapid estimation of a net living wage and gross living wage for tea estate workers according to the context on September 2022. Hence, the study was concerned on estimation of the necessary amount of take home income which needed to afford a basic but decent standard of living for a estate worker and his/her family members adjusting to the cost of living increases taken place between March 2021 and September in Sri Lanka. This study could be a base document for new claim on higher wages by the tea estate workers and significantly will influence on the next fresh wage negotiation process expected to started between CEF and the Plantation Trade Unions.

1.3 Wage Trend in the Tea Estates

Plantation workers have been paid daily wage rate for their labour as agreed by a wage collective agreement signed by the CEF (behalf of Regional Plantation Companies) and the PTUs (as the representatives to the tea estate workers) in once a two years since 1998. The daily wage rate mainly consists of Basic Wage (BW) and some of other allowances (such are allowances are Incentive

Allowances, Price Share Supplement and Cost of Living Allowance), which are changed time to time. Out of these components, only basic wage was taken in to consideration to contribute to the Employees Provident Fund (EPF) and Employees Trust Fund (ETF) by the planation managements.

The trend of daily wages paid to tea estate workers from 1998 to August 2022 is shown in the Table 1 in the Annexure. According to the Wage Collective Agreement of 29th February 2019, the daily wage rate for tea estate workers were determined by the provisions given in this agreement. Accordingly, the Gross Daily Wage (GDW) paid to the tea estate workers was SLRs. 750.00. This GDW had two components: basic wage of LKR 700.00 and Price Share Supplement of LKR 50.00. This wage settlement was in practice from 29th February 2019 to 28th March 2021.

The last wage bargaining process was held in 2021. PTUs were claimed about LKR 1000.00 as Basic Wage per day for a tea estate worker without any other conditions related to this wage. At the time of wage negotiation, ISD was published an updated version of LW for the tea estate workers in February 2021. Accordingly, new LW for a tea estate worker per day of work was LKR 1225.00. Hence, the PTUs were established their justification for claiming higher level of wage based on ISD's LW value. The bargaining process was went on many rounds and it was failed without reaching a common consensus between CEF and PTUs. Immediately, the PTUs were started to give pressure to the government asking to settle the wage issues under the purview of government through Minimum Wage Board. Finally, government interfered and determined LKR.1000/- (Basic Wage = LKR 900/- + Cost of living allowance LKR 100/-) as daily wage rate for estate workers in 5th March 2021 through Minimum Wage Board using the Minimum Wage Ordinance of the country.

2.0 LIVING WAGE CONCEPTS

2.1 What is Living wage?

Wage is a monetary compensation paid by an employer to an employee in exchange for work done (ILO, 2016). It is the payment for workers earned by providing his/her labour to a work or services provided to an employer. As defined in the Oxford dictionary, wage is a fixed regular payment, typically paid on a daily or weekly basis.

The LW wage concept sets to provide a decent living threshold for the workers based on the economic scenario of each country. LW is a fixed regular payment for workers, typically paid on a daily/weekly/monthly basis. The concern of LW is that the workers and their families should have a decent life without depriving their needs due to poverty and also provide opportunity for the workers and their families to live out of poverty and empower them economically and socially (Richard Anker and Martha Anker, 2017). It provides sufficient income to satisfy their families' basic needs including a model diet, decent housing, better education, sufficient health care, desirable social and cultural life in par with the national standards and current level of the socio-economic development of the country. *However, a LW should not only keep the workers and their family out of poverty but also provide opportunity for them to empower themselves economically and to participate in social and cultural life (Richard Anker and Martha Anker, 2017). The LW enumeration of worker should be earned only from the normal working hours and working conditions without having to work over time or extra work task.*

2.2 How Living Wage Differ from Minimum Wage?

LW differs from statutory Minimum Wage (MW) and it is calculated according to workers' needs and not the demands of the labour market. A LW ensures enough earnings for working population that meet all daily expenses of their families and have some discretionary income left over to invest in their own or their children's future (Anker, 2006). LW agreements differ fundamentally from MW. In fact, LW cover only a small subset of workers in a local jurisdiction whereas the MW cover almost all workers. A LW is usually linked to improvement of socio-economic conditions of the workers' families and human capital formation of the workers and their children, whereas MW is necessarily not. However, both can also hinder firms from being efficient during economic downturns, hurt small businesses, lead to inflation and young people to enter the workforce at the expense of their education and human capital development.

MW wage is generally fixed by legal authority of the state or by legal contract. In many developing countries, even legal MW exists, it does not cover LW requirements. In most cases, the legal MW will be lower than the LW. Legal MW arrangements did not protect the low-paid workers sufficiently around the world. In the many countries MWs often do not take the basic needs of workers and their dependents into account (Rosenbaum, 1999) and the MW equals the poverty line income which is less than 2 US\$ a day (Berenschot, 2012). Hence MWs failed to support workers with the adequate facilities to have a decent life. A MW is considered to be set at relatively low levels – a basic 'floor' that provides a safety

net for employees. But the LW is generally expected to be higher (but not always), reflecting the higher aspirations of workers associated with their decent life. It means that a LW is associated with workers concept of dignity, enabling individuals to become more self-sufficient, providing a decent living for their family members and play a full part in society. (LWF, 2017).

2.3 Global Concern on “Living Wage”

According to the ILO (1944 and 2014), the concept of LW is considered as an important matter for three reasons. These reasons are;

1. It is a vital source of household income,
2. It is necessary to ensure adequate consumption level to develop human capital, and
3. It is an essential elements to secure fairness of working communities and human dignity

Hence, international community highly concerned that all workers should be paid a LW, which should appropriate to the workers with their economic context concerning as a basic right.

The idea of living wage are agreed worldwide especially by the Fairtrade International, Good Weave International, Forest Stewardship Council (FSC), Rainforest Alliance, Sustainable Agricultural Network (SAN), Social Accountability International (SAI), UTZ, Global Living Wage Collation (GLWC) and ISEAL Alliance.

3.0 METHODOLOGY OF CALCULATING LIVING WAGE

3.1 Concepts and Definition

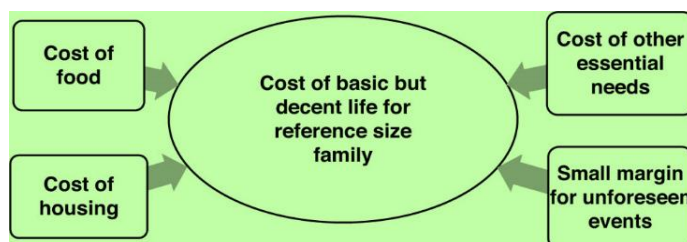
This study used the comprehensive methodology developed by Anker and Anker (2017) that builds on their experiences from earlier works on living wages all over the world and published by the ILO (Anker, 2006; Anker, 2011). The Anker and Anker Approach to LW estimation methodology is commonly adopted and shared as a common approach by Fairtrade International, Forest Stewardship Council, GoodWeave, Sustainable Agriculture Network/Rainforest Alliance, Social Accountability International and UTZ Certified to estimate the living wage for the global workers (GLWC, 2013).

Global Living Wage Coalition (GLWC) provides globally acceptable LW standards developed based on Anker (2011) Methodology which is widely used in developing countries to estimate living wages (GLWC, 2013). Expenditures on foods, housing, education, health care, clothing, transport, energy and cultural activities and social events are considered as the essential components in the estimation of living wage around the world (Smith, 2009). The past experience on LW estimation experiences shows that the above methods and standards were used to estimate LW in more than 23 industries by GLWC which were internationally accepted for publication. Hence, this standard includes expenditures on foods, housing, education, health care, clothing, transport, energy and cultural activities and social events. These are the essential components to be considered in the estimation of ILW for any industry around the world (Smith, 2009).

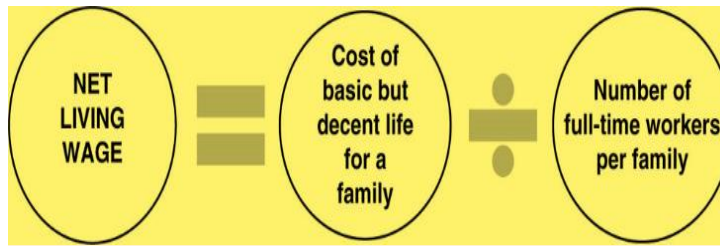
3.2 Formula and Procedures

LW estimation is generally conducted by using the formulas and procedures provided by the Anker Methodology. This study fully adopted the Anker methodology to estimate and analyze the living wage for the tea estate workers in Sri Lanka. The following four figures given by this methodology illustrate pictorially how one could adopt the concepts, procedures and formulas to estimate the LW. The Anker methodology is used as a common approach to estimate the LW in over the world especially in the developing countries. It is basically focus on living cost of workers' families considering each expenses incurred monthly for their family including all family members.

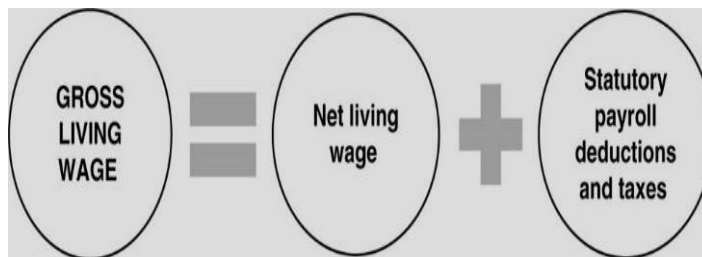
(i) Major cost components considered in LW estimation



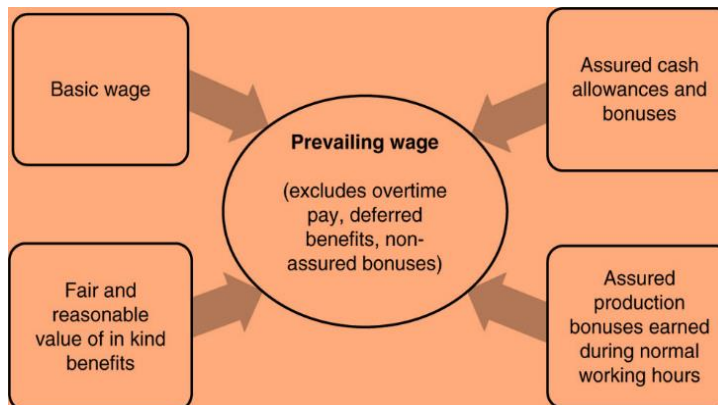
(ii) Calculating a Net Living Wage (NLW)



(iii) Calculating Gross Living Wage (GLW)



(iv) Determining Prevailing Wage (PW)



3.3 Procedure to Determine the Cost for Basic and Decent Life

- i. **Cost components:** Costs of Food, Housing, Non-Food and Non-Housing items and 5% margin of total cost is added for costs related to sustainability and unforeseen events. Costs of Alcohol and Tobacco were excluded from cost of foods)
- ii. **Food Cost:** Cost of a low-cost nutritious model diet with local food preferences and local market prices are considered. Model diets are determined by using FAO and WHO nutritional guidelines and the food prices are collected by a new survey of local markets where the tea estate workers typically do their shopping.
- iii. **Housing Cost:** This includes three components: i.e cost for constructing a decent house, utility cost (electricity and water) and maintenance cost. Cost for constructing a decent house for a estate

worker family is estimated considering the cost incurred to contract a separate house for tea estate worker family under the Government's new estate housing programme: Under the utility cost only the cost incurred monthly to maintain lighting facility and the monthly electricity bill changes are included (maintaining cost and monthly bill changes for water facility is not included because which is provided by the estate management with the free of charges.) and the routine repairs and maintenance cost of the house are considered based on market rates..

- iv. **Non-Food-Non-Housing Cost (NFNH):** This cost includes the costs incurred on health care, education, transport, cultural activities, social events, household items, clothes, wearing household appliance, communication etc.
- v. **Post check adjustment:** Adopted a Post Check Assessment to determine reliable cost on education, health and transport and adjusted accordingly. **Costs on sustainability and unforeseen events:** Include cost related to funeral, accidents illness etc.
- vi. **Number of workers per family:** This is determined using formula given in Anker methodology and information used from the latest reports of HIES - 2019, SLLFS-2021 and DHS, 2016.
- vii. **Statutory mandatory deductions from pay:** Workers contribution to EPF, Union Dues and Kovil (Temble) Fund are considered to estimate the statutory deductions per worker per day.
- viii. **Determination of Prevailing Wage:** Current daily wage and its components; Basic Wage (BW) Cost of Living Allowances (COLA) and In-kind Benefits and payments for extra weight of plucked green leaf (Green tea leaf plucked above the norm) were considered. Overtime payments are not considered because it is not common to all estate workers.

3.4 Data ad Sources

In this study, primary and secondary data were used to estimate the LW. Primary data were collected using pre-tested questionnaire by conducting a field survey in the four locations where the estate workers mainly do shopping to purchase groceries and other household items. Such locations are i.e, Talawakelle and Hatton/Dickoya in the Nuwraeliya district, Passara in Badulla district and Pussellawa in Kandy district. The prices of the food items purchased by the estate workers were collected from marketing centers in the above locations. Information related to workers families and monthly living costs were gathered by interviewing the randomly selected estate workers living in the estates surrounded by the selected locations. Trained enumerators were utilized with the direct supervision of the Chief Researcher to collect the necessary data from the marketing centers located in the selected towns where estate workers regularly visit for purchasing goods and services. Secondary information were gathered from various Reports, Statistical Abstracts, Survey Documents published by the Department of Census and Statistics (DCS), Central Bank of Sri Lanka (CBSL) the Ministry of Plantation Industry (MPI) and electronic - sources.

3.5 Assumptions Used for Estimating Living Wage

- Assumed that workers offered at least 21 days of work and they fully attended.
- Workers only engaged in estate work during their normal working hours
- Working hours are considered as 8 hours per day and equivalence to the piece or contractual work
- A standard family size considered includes husband, wife and their children. It is estimated as 4.0 person for an estate family comprise of 2 adults and 2 children (based on the information from HIES, 2021).
- Number of workers considered comprise only the immediate family members (Parents and their adult children) engaging in income earning activities and which is estimated as 1.54 person/family according to the HIES, 2021
- Tea estate workers' families have common food habits and preferences.

3.6 Determination of Model Diet

The following general principles were used to estimate the model diet for a person an estate family and living cost for an estate family.

- Sufficient Nutrition Intake:** Taken as described by the WHO-FAO (2004) of the United Nations, United Nations University (UNU), (2004).
- Balanced Model Diet:** WHO recommended calories per person, proteins, fats, carbohydrates are taken as the measurement. Accordingly, it is estimated average of 2480 calories per person/day in a tea estate worker family.
- Food Habits and Preferences:** Under the Food habit customary food preferences, availability of local food, consumption patterns; food habits regarding local food are taken into account and considered which are common for all the estate workers.

4.0 COST FOR THE DECENT LIFE OF A TEA ESTATE WORKER'S FAMILY

This study has attempted to estimate a Gross Living Wage and Net Living Wage for tea estate workers in Sri Lanka using Anker Methodology. In this regard, it have been estimated, average family size and average number of working (income receivers) persons in a family in the tea estate sector and living cost of a tea estate worker family.

4.1 Component of Living Cost

As recommended by the Anker methodology, monthly living cost component of an estate worker family includes the cost of foods, cost of housing, cost of non-food and non-housing (NFNH) items; as well as cost of emergencies and unexpected events. However, the cost for consuming alcohol and tobacco was excluded from estimating the living wage since which are not a vital important item of consumption for a decent life.

4.2 Estimated Living Cost for a Tea Estate Worker Family

According to this study, living cost components for a tea estate worker family for a period of one month have been estimated as: LKR 42,400.68 for food; LKR 10,107.63 for housing; LKR 26,978.04 for Nonfood and Non-Household items and LKR 1845.04 for emergencies and unexpected events. Hence, the Gross Living Cost for an estate worker family which consists of 4.0 persons amounts to LKR 83,332.16 (US\$ 229.98)* per month. The Table 1 compare the monthly living cost for a tea estate worker family in the context of August 2008, January 2021 and September 2022.

Table 1: Monthly Living Cost for a Worker Family in the Tea Estates: August 2018, January 2021 and

September - 2022

Expenditure Category	Living Costs /Family/ Month (LKR) in August 2018	Living Cost /Family/ Month (LKR) in January 2021	Living Cost /Family/Month (LKR) in September 2022	Changes between January 2021 and September 2022	Percentage Out of Total Living Cost as in January 2021	Percentage Out of Total Living Cost as in September 2022
Food Cost	2,0508.00	22,968.95	42,400.68	19,431.732	45.78	50.88
Housing Cost	7,178.00	7651.50	10,107.63	2456.13	15.25	12.13
NFNH Cost	14,896.00	17,130.40	26,978.04	9847.64	34.16	32.37
Unexpected events Cost (5% of TLC))	2129.00	2410.03	3845.84	1435.81	4.81	4.62
Total Living Cost (TLC)	44,711.00	50,160.88	83,332.16	33,171.28	100.00	100.00

Note: * Month of September 2022 Average value for 1 US Dollar = 362.3398 Sri Lankan Rupees

5.0 LIVING WAGE FOR A TEA ESTATE WORKER FAMILY

5.1 Family Size and Number of Full Time Workers

The estimated adjusted Total Fertility Rate (TFR) for an estate worker nuclear family (a nuclear family includes only husband, wife and children) is 2.0 children. Hence, the estimated reference average family size is 4.0 person (HIES, 2021).

This study used SLLFS (2021) to estimate number of full-time workers in an estate worker family. Accordingly the estimate for adult labour force participation rate is 0.571, unemployment rate is 0.037 and secondary (part-time) work rate is 0.032. Hence, the average number of full-time workers per estate family in Sri Lanka is 1.54 person.

5.2 Mandatory Deductions

According to the Sri Lanka Wage Board decision, prevalence daily wage for an estate workers is Rs 1000 which include the Basic wage of LKR 900.00 and COLA of LKR 100.00. The average mandatory deductions for an estate worker from his/her total earnings remunerated from supply of labour to tea estate work include EPF contribution, union dues and kovil (temple) fund. The EPF contribution is 8% of basic salary which is LKR 72.00 per day and the average number day of work offered to the estate workers is 21 days per month. Hence, LKR 1512.00 per month deducted for EPF contribution. Further, the union subscription is 1/3 of basic daily wage which is equal to LKR 300.00 per month and the contribution to the Temple (Kovil) fund/religious activities is equal to one day total wage of a worker which is equivalent to LKR 1000.00 per month. Hence, the total mandatory deductions for an estate worker from his/her monthly earning is LKR.2812.00.

Table 2: Average Mandatory Deductions from Gross Pay of an Estate Worker/Month

Component	Amount Per Month (LKR)
Employment Provident Fund (EPF)	1512.00
Union Dues	300.00
Kovil (Temple) Fund	1000.00
Total	2812.00

5.3 Value of In-kind Benefits

Estate management provides several in-kind benefits to the workers and their family members. Such benefits are free health services, child care facilities, housing and tea ration (Although not all items provided to all the workers with the accepted standards. Quality wise which are lower than the accepted standards). The information provided by the estate workers and estate managements were cross checked with vise-versa. Accordingly, the average value estimated for free housing is LKR 1081.94; health service is LKR 530.45, child care facilities is LKR 790.06 and the tea-ration is LKR 384.33 per worker family per month. Hence, the total value for the in-kind benefits provided by the estate management for each tea estate worker family is equal to LKR 2787.71 per month.

5.4 Gross Living Wage

The Gross and Net Living Wages are linked to the take home income of an estate worker. It is considered that amount of Gross and Net Living Wages necessarily should support to fulfil the basic needs of a tea estate worker family and also need to be provided a basis to ensure a decent life for them.

The GLW is estimated considering the required total monthly income which could be earned by an tea estate worker from his/her regular estate works rented to the estate management and the monthly monetary value of in-kind benefits freely provided by the estate management to the estate worker and his/her family members. Hence, the GLW is estimated using the following formula.

$$\text{Gross Living Wage (GLW)} = \text{Total Earnings from Regular Estate Works} + \text{Monetary Value of In-kind Benefits}$$

Accordingly, the total mandatory deductions from monthly gross salary estimated is LKR 2812.00 per tea estate worker per month. The gross household expenditure for an estate worker family consists of average family size 4.0 persons is equal to family budget of LKR 83,332.16 to fulfill the monthly living expenses of his/her family in the cost of living context of September 2022. If an estate worker family consists average of 1.54 income receivers, a tea estate worker required to earn LKR 54,111.79 for a month in order to make his/her contribution to the monthly family budget. Total Mandatory deduction from monthly earnings of a tea estate workers is LKR 2812.00. Hence, **a tea estate worker necessary to earn a GLW of LKR. 56,923.79 (LKR 54,111.79 + LKR 2812.00) per month.**

5.5 Net Living Wage (NLW)

NLW is concerned about a sufficient take home pay/disposal income required for an estate worker per month for a decent living of their family. Accordingly, the following formula was employed to estimate the NLW per month for a tea estate worker.

$$\text{Net Living Wage (NLW)} = \text{Gross Living Wage} - \text{Mandatory Reductions from Pay}$$

A typical tea estate workers and his/her family enjoy several in-kind benefits freely provided by the estate management. The value of in-kind benefits received by a worker family for a month is equal to LKR 2787.71 (See section 5.3 for details). This value of in-kind benefits has to be reduced from the GLW (LKR 56,923.79 – LKR 2787.71) to estimate the NLW. (Which is the Net Take Home Pay of tea estate workers). Hence, a NLW (Take Home Pay) need to be earned per month by a tea estate worker is LKR 54,136.08 in order to have an adequate decent standard of life by their family with in the cost of living context of the country as in September 2022.

Table 3: Final Summary of Living Wages Estimates for Reference Tea Estate Worker Family/Month

No.	Item	Amount per Month	
		(in LKR)	(in USD)
1	Food Cost	42,400.68	117.02
2	Housing Costs	10,107.63	27.90
3	Non-food Non-Housing Costs	26,978.04	74.46
4	Additional 5% for sustainability and emergencies	3845.84	10.61

5	Total Household Costs for a Reference Family [5=1+2+3+4]	83,332.16	229.98
6	Required Total Monthly Earnings from Regular Estate Works for a Worker (6 = (5) / 1.54 Person)	54,111.79	149.34
7	Monthly Mandatory Deductions from Total earnings of a Worker	2812.00	7.76
8	Gross Living Wage (GLW) Required per Month per Worker (8 = 6+7)	56,923.79	157.10
9	Monitory Value of In-kind Benefits Provided per month for a Worker	2787.71	7.69
10	Net Living (Cash) Wage Required per Worker per Month (10=8 - 9)	54,136.08	149.41
11	Gross Daily Living Wage Required/Day/Worker (11=8/21 day of Work). If 21 Days of Work Offered per Month for a Worker.	2710.91	7.48
12	Gross Daily Living Wage Required/Day/Worker (11=8/25 day of Work). If 25 Days of Work Offered per month for a Worker.	2276.92	6.28
13	Net Daily Wage Required / Worker/Day (13=10/21 days of Work) 21 Days of Work Offered per month for a Worker	2577.91	7.11
14	Net Daily Wage Required / Worker/Day (14=10/25 days of Work) 25 Days of Work Offered per Month for a Worker	2165.44	5.98
15	Adjusted Net Daily Living Wage to the Attendance Bonus (AB) (SLR 2.84/per day) and Over Kilo Payments (OKP) (average SLR 150/per day). (11- AB/day – OKP/day) for 21 days of work offered (15= 13 -153.37)	2423.63	6.69
16	Adjusted Net Daily Living Wage to the Attendance Bonus (AB) (SLR 2.84/per day) and Over Kilo Payments (OKP) (average SLR 150/per day). (11- AB/day – OKP/day) for 25 days of work offered (16 = 14 – 152.84)	2012.60	5.55

(*) - Reference average Estate Worker Family size is 4.0 persons

- Note: * Month of September 2022 Average value for **1 US Dollar = 362.3398 Sri Lankan Rupees**

5.6 Daily Living Wage

In this study, it is expected that each estate worker to receive 25 days of work per month according to the Plantation Sector Collective Agreement signed in 2003 between the Ceylon Employers Federations and the Planation Trade Unions. If this condition is fully satisfied, a tea estate worker should pay LKR 2165.44 (LKR 54,136.08/ 25 days of work) as daily wage for performing an eight hours of work or completing a given task in order to ensure the Take Home of Pay of LKR 54,136.44.

But in practice the tea estate workers were offered average of 21 days of work per month by the RPCs. If this practice will be continued in the future, a tea estate workers should be paid LKR 2577.91 as daily wage rate in order to ensure the Take Home pay of LKR 54,136.44

It is be noted that the Net Daily Living Wage is to be adjusted to the daily rate of annual attendance bonus and average extra earnings from over plucking of green leaf per day. Hence the daily rate of annual attendance bonus is equal to LKR 2.84 with the condition of the workers offered 25 days of work per month and LKR 150 (average 3 Kg of green leaf/day x average price is LKR 50.00/Kg) expected to earn per worker per day from over kilo plucking of green leaf. Accordingly, the Net Daily Living Wage rate for

a tea estate workers should be equal LKR 2012.00. On the other hand, if the daily rate of attendance bonus and extra earnings from over kilo plucking are adjusted for 21 days of work per month, tea estate workers should be paid a Net Living Wage rate of LKR 2423.63 per day of work.

5.7 Prevailing Wage of Tea Estate Workers

The daily wage rate components of tea estate workers have been changed generally every two years during the revisions made by wage collective agreement process. The last wage revision was made in 2021 with the interference of the Sri Lankan Government. Since the process of wage bargaining between CEF and the PTUs was failed without reaching a common agreement, the Sri Lankan Government intervened in the wage setting process and determined LKR 1000.00 as Daily Wage rate for a tea estate worker through Minimum Wage Board in 5th March 2021. The Price Share Supplement was removed from daily wage components, instead the COLA was introduced which is LKR 100.00/day/per norm of the worker. Accordingly, tea estate workers' Prevailing Daily Wage had two components: i.e. Basic Wage of LKR 900.00 and Cost of Living Allowances of LKR 100.00 per day. Hence, the Total Daily Wage of tea estate workers was increased from LKR 730.00 to LKR 1000.00 by a change of 36.99%. Accordingly, a tea estate worker expected to earn per month LKR 25,000.00 (US\$ 68.99) for a 25 days of work per month. But actual prevailing monthly earning is limited to an average of LKR 21,000.00 since the tea estate workers offered an average of 21 days of work per month by the estate managements.

As shown in Table 4, if the value of monthly portion of AAB and the value of plucking green leaf over the norm task are added to the Total Daily Cash Wage expected to earn by a worker per day is LKR 1152.83 (USD 3.18). Hence, a tea estate worker could be earned a Gross Monthly Cash Wage of LKR 28,820.75 (USD 79.54)* for 25 days of work per month. But in practice, this expectation is failed due to the average number of days of work per month offered by the estate managements is equal to or less than 21 days. Therefore, a tea estate worker could be earned LKR 24,209.43 as Gross Monthly Cash Wage for a 21 days of work.

Table 4: Components of the Prevailing Daily Wage of Tea Estate Workers in Sri Lanka

Daily Wage Components	Daily Wage Rate/Worker (in LKR)	Monthly Earnings of an Estate Worker (in LKR)	
		Expected Earnings from 25 Days of Work/Month	Actual Earnings from 21 Days of Work/Month
(a) Basic Wage (BW)	900.00	22,500.00	18,900.00
(b) Cost Of Living Allowances (COLA)	100.00	2,500.00	2100.00
(c) Total Daily Cash Wage = (a) + (b)	1000.00	25,000.00	21,000.00
(d) Annual Attendance Bonus (AAB) (LKR 850/Year ÷ No. of Days of Work Offered Annually)	2.83	70.75	59.43

(e) Over Kilo Payments (Earned during Normal Working Hours - (3 Kg/day X LKR50.00/Kg)	150.00	3,750	3150
(f) Gross Daily Cash Wage (excluding overtime and in kind benefits)=(c)+(d)+(e)	1152.83	28,820.75	24,209.43

The comparison of estimated Gross Daily Living Wage of LKR 2276.22 with the Prevailing Gross Daily Cash of LKR SLR 1152.83 reveals that the prevailing Gross Daily Cash Wage is falls short by approximately 49.36% than the estimated Gross Daily Living Wage. On the other hand, it is necessarily need to be increased the Prevailing Gross Daily Cash Wage by 97.45% (LKR.1123.39) in order to reach the above estimated level of Gross Monthly Living Wage by a tea estate worker.

6.0 COMPARISON OF ESTATE AND NON-ESTATE SECTORS PREVAILING WAGES

6.1 Prevailing Monthly Cash Wage

The trends in Total Daily Wage of tea estate workers in Sri Lanka and its component are shown in Table 1 in the Annexure Accordingly, the expected monthly total earning was LKR 25,000.00 when the workers offered 25 days of work per month. But in practices, most of the workers belongs to different plantations received in average of 21 days of work per month across the months. As a result the workers, monthly earnings were varied and limited to LKR 21,000.00

6.2 Nominal Wage and Real Wage

A comparison of Nominal Wage and Real Wage (2012 = 100) in the informal agricultural private sector (Tea plantations/estates are coming under this sector) in Sri Lanka shows that the nominal wage index was increased by 26% and real wage was down by 20% between August 2021 and August 2022 due to the 58.9% increase of Colombo Consumer Price Index (CCPI) and around 90% increase of food prices caused by the effect of slowdown of agricultural production, money printing and depreciation of Sri Lankan rupees. In the tea estate sector, increase in nominal wage has shown 36.99% after the daily wage had been increased from LKR. 730.00 to LKR.1000.00 in 5th March 2021. But the real wage has been decreasing continuously even after nominal was wage increased. This has lead tea estate worker families to face prevalence of high poverty compare to other comparable sector in the country.

6.4 Comparison of Living Wages

The following Table illustrates the LW estimated for the tea estate workers and the prevailing wages in the comparable sectors in Sri Lanka. The manual workforce paid daily wage rate of the relevant sectors are considered for this comparison and only money wages paid to this workers are taken into account while the cost in-kind benefits (meals and refreshments) were removed from daily wage rate for the comparison.

The information provided in the Table 5 shows the Prevailing Daily Wage Rate of tea estate workers and other relevant comparable sectors' manual workers such are Sri Lankan Public Sector, Tea Informal Sector, Rubber Informal Sector, Coconut Informal Sector, Paddy Agricultural Sector and Construction Sector. In addition, Sri Lankan Living Wage, Sri Lankan Poverty Line Wage, International Poverty Line Wage and Low Middle Income Countries' Poverty Line Wag also represented in the above Table 5. As shown in this Table the tea estate sector workers earn very low level of daily wage and monthly earnings than the manual workers of the other comparable sectors. The Updated Living Wage of LKR. 2165.00 (US\$ 5.97) per day for tea estate worker is still lower than the comparable sectors' wages and Poverty Line Living Wages. The prevailing wage of LKR. 1000.00 (US\$ 2.76) is less than half of the updated living wage as at September 2022.

Table 5: Comparison of Living Wage of Tea Estate Sector Workers with Daily Wages of Other Comparable Sectors and Poverty Level Living Wages.

Type of Wage	LW/Month/ Worker (in LKR)	LW/Day/ Worker (in LKR)	LW/Day/ Worker (1US\$=LKR 362.998)
Prevailing Wage in the Tea Estate Sector (August 2022) for a 21 days of work	21,000.00	1000.00	2.76
Estimated Living Wage for Tea Estate Worker (updated to September 2022)	54,136.08	2165.00	5.97
Sri Lankan Living Wage for Standard Family (Size 4 and Working population 1.5) - 2019 Figure updated with Inflation Rate to September 2022	60,230.00	2409.00	6.65
Sri Lankan Poverty Line based Wage for a Estate Worker Updated to September 2022	55,100.00	2204.00	6.08
International Poverty Line \$1.90/Day based Wage for a Estate Worker updated to September 2022	53,743.00	2150.00	5.93
Low Middle Income Countries' Poverty Line \$3.20/Day based Wage for a Estate Worker updated to September 2022	90,513.00	3620.00	9.99
Sri Lankan Tea Estate Workers' Living Wage as at 2021	30,645.25	1225.81	3.38
Sri Lankan Tea Estate Workers Prevailing Wage as at 2021	18,750.00	750.00	2.07
Sri Lankan Public Sector Wage for Unskilled Laborer – as at 2021	32,500.00	1986.00	5.48
Tea Informal Sector Workers' Average Wage as at 2021	26,125.00	1406.00	3.88
Rubber informal sector Worker's Average Wage as at 2021	33,325.00	1378.00	3.82
Coconut Informal Sector Workers' Average Wage as at 2021	40,625.00	1492.00	4.12
Paddy Agriculture Sector Laborers' Average Wage as at 2021	37,300.00	1532.00	4.23
Construction Sector Unskilled Helpers' Wage as at 2021	38,662.00	1546.00	4.27

Sources CBSL, 2017, 2021, 2022 & Authors calculation

Note: The official poverty line at the National level for July, 2022 has been increased to LKR. 13,138.00 per person from LKR 7395.00 in 2020. (DCS, 2022) The Department noted that the reason for the increased in the official poverty line is due to the high NCPI value caused by 66.7% increase in the Inflation as reported in July, 2022.

7.0 ECONOMIC PERFORMANCE OF THE TEA ESTATES SECTOR

7.1 Managing Agents of Tea Estates

Tea estates coming under the purview of plantation sector are managed by 23 Regional Plantation Companies (RPC) and 07 State Owned Agencies (SOAs) such as; Chilaw Plantations Ltd, Elkaduwa Plantations Ltd, Kurunegalla Plantations Ltd, Janatha Estate Development Board (JEDB), Sri Lanka State Plantation Corporation (SLSPC), Tea Research Institute (TRI) and Rubber Research Institute (RRI). Out of these, 369 estates coming under the management of RPCs and 53 estates managed by the SOAs. At the same time, 284 estates belonging to RPCs and 36 estates belonging to SOAs are cultivated tea crops. The RPCs cultivated tea in 69,202 hectares of land and SOAs cultivated tea in 8,351 hectares of land in 2018.

7.2 Tea Fields and Productivity

The percentage of maturity (bearing) extent under RPCs and SOAs were 96.67% and 84.54% respectively in 2018. Out of the total matured tea land belongs to RPCs and SOAs, 45.22% and 52.31% covered by the old seedling tea bushes respectively which have very lower level of productivity. Hence, average yield of tea in the RPCs estates was 1120 Kgs/ha and 483 Kg/ha in the SOAs estates in 2018. Out of the total made tea production of Sri Lanka, RPCs, and SOAs jointly share only 25% while the balance 75% contributed by the tea smallholding sector.

7.3 Tea Production and Export Earnings

During last three decades, the estate sector's tea production shown a declining trend. Estate tea sector was produced (jointly by the RPCs and SOAs) 149.1 million Kgs of tea in 2005 and it was reduced to 101.2 million Kgs of tea in 2018 which shown a reduction of 33.91% during last 15 years. It is clear that the contribution to the total tea production of the country by the estate sector is declining continuously which indicates that the plantation sector losing its role in the tea industry of the country. Further, total tea production in all elevations plunged by 18.0% in 2022 yielding only 132.1MT compared to 161.7MT produced in 2021. Reduction in volume is largely attributable to the absence of required fertilizer, lack of weedicides and other production inputs coupled with fuel and electricity shortages which led to a lack of labour input. Therefore, the optimal harvesting cycle of 7-days were extended up to 14-days bringing down the leaf standards (First Capital, 2022). Sri Lanka tea earnings for Jan-Jun 2022 posted a growth of 28.0% to LKR 164.2 billion against LKR 127.8 billion recorded for the same corresponding period in 2021. Export earnings were largely boosted by the price leap upon the steep depreciation in LKR against the USD despite the subdued production output.

7.4 Land Extent

Since the re-privatization of plantation managements in 1992, tea crop under cultivation and the tea land under bearing of tea crops have been declining continuously in the RPCs' and SOAs' estates. Total tea lands under cultivation in the plantation sector (RPCs' and SOAs' estates) 175,013 in 2005, and it was increased by 3% in 2016 being total extent of 180, 291 ha in the plantations. However, the bearing lands in the plantations sector were declined by nearly 13% between 2005 and 2018 (Ministry of Planation Industries, 2019).

7.5 Labour Force

Total workforce in the tea estate sector also shows a substantial decline since the re-privatization of plantations. The total labour force in the estate sector was 357,254 workers during re-privatization of plantations 1992. However, the permeant workforce was reduced to 135,000 while nearly 175,000 temporary workforce was employed in the RPC estates in 2020. There are 62.21% reductions in the permanent workforce in the estate sector (Ministry of Planation Industries, 2021).

7.6 Average Price of Tea

However, while sailing through all the challenges, tea producers see a beacon of hope in the weekly tea auctions in terms of the average price levels for all elevations which are moving above the levels prevailed in 2021 (See Table 3 in Annexure). Accordingly, monthly average price for September 2022 stood at LKR 1,583.78/Kg or USD 4.36) from LKR 634.32 or USD 3.27 during the wage increase was made in March 2011. It is clear that tea average action price was increased by 142.055 between March 2021 and September 2022 (Tea Export Association. & Forbes and Brokers, 2022) Iraq was the number one destination for Sri Lankan tea during 2022 with a significant export increase of 46.0% (23.5MT), followed by UAE, Russia and Turkey (First Capital, 2022).

7.7 Cost of Production

Cost Of Production (COP) of Sri Lanka tea has gone up 30 to 35 percent amid a currency crisis and plantations are still cut off from fertilizer despite a ban on agrochemicals being lifted. In 2020/2021, the COP of tea is LKR 543.53 /Kg and it was increased to LKR 618.49/Kg in 2020/2021. It is expected to increase by 35% from 2021 to 2022, hence the forecast of COP for tea will be 834.96/Kg in end of 2022.

8.0 CONCLUSION

This study is an attempt to estimate a LW wage for tea estate workers in Sri Lanka, by employing the Anker methodology developed by Anker and Anker (2017) using the primary data collected from a field survey and secondary sources. As provided by the HIES, 2021, the study was taken 4.0 person as reference family size and 1.54 persons as the average number of full-time working members in a tea estate worker family. Further, Food Cost, Housing Cost, Non-Food and Non-Housing (NFNH) Cost and Emergencies and Unexpected Events Cost were considered as the major components of the household living expenditures of a tea estate worker family. The total household expenditure for a reference tea estate worker family is LKR 83,332.16 (US\$ 229.98) to have a decent life in the context of cost living and inflation effect as in September 2022. The total mandatory deductions is LKR.2812.00/worker/month and the total value for the in-kind benefits provided for each tea estate worker family is equal to LKR 2787.7/month. Hence, a tea estate worker necessary to earn a GLW of LKR. 56,923.79 per month and NLW (Take Home Pay) of LKR 54,136.08 to have an adequate decent standard of life by their family in the context of September 2022. Hence, the daily wage rate estimated for a tea estate worker is equivalent to LKR 2165.00 (US\$ 5.96) considering that they get 25 days of work per month. If they get only 21 days of work per month, the daily wage rate should be LKR 2578.00

Since 1992, the daily wage rate of a tea estate worker is determined usually by signing a collective agreement between CEF and PTUs once a two years. However, the last wage determination was made by the Wage Board of Sri Lanka with the interference of the government. Accordingly, prevailing daily wage rate for a tea estate worker is LKR 1000.000 per day which includes BW of LKR 900.00 and COLA of LKR100 per day. The Prevailing Gross Cash Wage of a tea estate workers is equal to LKR 24,150.00 (US\$ 66.65) for a month which is lower than 97.44% compare to estimated gross living wage. It is necessary to increase the prevailing gross living wage by 124% in order to reach the estimated level of monthly LW of LKR 54,136.00 by an tea estate worker in Sri Lanka.

The economic performances of the tea estate sector is an important elements necessarily to support to increase the daily wage rate equal to the estimated Living Wage rate Hence, tea auction prices and the COP are continuously shown an increasing trend since 2012. With all the challenges, tea producers see a beacon of hope in the weekly tea auctions in terms of the average price levels for all elevations which are moving above the levels. It is clear that tea average action price was increased by 142.055 between March 2021 and September 2022 while COP is shown an increase less than the action prices.

Despite many development efforts made in the estate sector during the past decades, the tea estate workers in Sri Lanka are still live in a poor socio-economic and welfare conditions. It is an urgent concern to improve the living standards of the tea estate workers and their families up to the national level and ensure a decent living standard which is demand for a Daily LW rate of SLR 2165.00 per worker per day with offering of 25 days of work per month. In order to achieve this task, the plantation trade unions, management of RPCs and the government should together come forward a favorable action and joint measure to ensure the economic viability of the industry and fulfil the socio-economic aspirations of the worker community.

REFERENCES

1. Anker, Martha (2006), 'Living Wages around the World: A New Methodology and Internationally Comparable Estimates', *International Labour Review*, Vol. 145(4)
2. _____, (2011). Estimating a Living Wage: A Methodological Review, International Labour Organization (Available at http://www.ilo.int/wcmsp5/groups/public/-ed_protect/---protrav/---travail/documents/publication/wcms_162117.pdf. Accessed on 20/06/2018
3. Anker, Richard and Anker Martha (2017). Living Wage Report, Kenya: With Focus on Rural Mount Kenya Area – Context provided in Horticulture Industry. Global Living Wage Coalition.
4. _____, (2019). Update: Living Wage report - Sri Lanka Estate Sector. Context Provided in the Tea Estate Sector. Global Living Wage Coalition. Karachchi, Pakistan.
5. Berenschot (2012): Living Wage in International Supply Chain: An Inventory Report. Netherlands.
6. CBSL – Central Bank of Sri Lanka (2019). Economic and Social Statistics of Sri Lanka 2016. Statistics Department. Central Bank of Sri Lanka, Colombo.
7. _____, (2021). Socio-economic Statistics of Sri Lanka 2020, Published by Central Bank of Sri Lanka.
8. DCS – Department of Census and Statistics (2017). Demographic Health Survey – 2016, Final Report. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo.
9. _____, (2020). Household Income and Expenditure Survey – 2019 Final Report. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo
10. _____, (2021). Household Income and Expenditure Survey – 2019. Final Report. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo.
11. _____, (2022). Sri Lanka Labour Force Survey - Annual Report 2020. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo.
- 12.
13. First Capital (2022) Flash Note on Tea Plantation Sector. Available at: <https://firstcapital.lk/wp-content/uploads/2022/07/FLASH-NOTE-TEA-PLANTATION-SECTOR-28-07-22.pdf>Flash. Accessed on 25/09/2022.
14. GLWC (Global Living wage Collation) (2013). A Shared Approach to Estimating Living Wages. Available at: <https://www.google.com/search?ei=GzR5W5rNB43M-Qbdq>. Accessed on 09/07/201
15. ILO - International Labour Organization, (1944). Declaration concerning the aims and purposes of the International Labour Organisation (Declaration of Philadelphia), International Labour Conference, 26th Session, Philadelphia, 10 May 1944; available at: http://www.ilo.org/wcmsp5/groups/public/asia/ro-bangkok/ilo-islamabad/documents/policy/wcms_142941.pdf.
16. _____ (2014). "Outcome of the discussion by the Committee on the Application of Standards of the General Survey concerning minimum wage systems", Committee on the Application of Standards at the Conference, International Labour Conference, 103rd Session, Geneva, 2014 (Geneva), Available at: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_320613.pdf.
17. _____ (2016). Global Wage Report 2016 / 17: Wage inequality in the workplace Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_537846.pdf. Accessed on 30/03/2018

18. LWF (Living Wage Foundation) (2017): The Living Wage: Core Principles and Global Perspectives. Published by The Association of Chartered Certified Accountants (ACCA). Available at https://www.livingwage.org.uk/sites/default/files/pi-living-wage-core-principles%20final%20draft_0_0.pdf. Accessed on 03/03/2018.
19. MPI- Ministry of Plantation Industry (2019, 2021, 2022). Annual Reports for Years 2018, 2020 and 2021, Colombo, Sri Lanka.
20. National Institute of Nutrition (NIN) (2011). Dietary Guidelines for Indians. - A Manual. India National Institute of Nutrition; Hyderabad- India. Available at http://ninindia.org/DietaryGuidelines_forNINwebsite.pdf. Accessed on 15/05/2018.
21. Rosenbaum, R. (1999), 'Presentation on Wages and the Purchasing Power Index'. Short description of the agreed methodology: Available at https://www.fairtrade-utschland.de/fileadmin/DE/01_was_ist_fairtrade/03_standards/textile_standard_anker_methodology.pdf.
22. Sinnathamby, M and Vijesanidran, S (2018). Living Wage: An Estimation for the Tea Estate Workers in Sri Lanka – Context Provided for April-May 2018. Institute of Social Development, Kandy, Sri Lanka.
23. Smith, R (2009). Sustainable Living Wages and the Impact of Fairtrade at Volta River Estates Limited (Vrel) Banana Plantation, Ghana for Banana Link, Norwich. Available at: http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_certification_and_thefairtrade-mark/fairtrade.standards.aspx.
24. Thibbotuwawa, M; Jayawardena, P; Arunatilake, N and Gunasekera, N. (2017). Sri Lanka Living Wage: Estate Sector (Tea), Institute of Policy Studies of Sri Lanka, Colombo.
25. Vijesandiran, S (2021). Living Wage for the Sri Lankan Tea Estate Workers. Updated to the Context Provided for January 2021. Insitute of Social development Kandy, Sri Lanka.
26. WHO – World Health Organization (2003). WHO/FAO Independent Expert Report on Diet and Chronic Disease. Available at: <http://www.who.int/mediacentre/news/releases/2003/pr20/en/>; an Accessed on 09/07/2018.
27. World Health Organization (WHO);and Food and Agriculture Organization (FAO) of the United Nations, United Nations University (UNU) (2004). Human energy requirements: Report of a Joint FAO/WHO/UNU Expert Consultation Rome, Italy, 17-24 October 2001: Full Report. Published by WHO.

Annexure

Table 1: Daily Wages for Plantation Workers: 2005 - 2021

Year	Daily Wage Rates Pertaining to Tea Estate Workers (in SLR.)				
	Basic Daily Wage	Price Share Supplement	Incentives	Cost of Living Allowance	Total Wage/per Day
2005	135.00	20.00	25.00	-	180.00
2006	170.00	20.00	70.00	-	260.00
2007	200.00	20.00	70.00	-	290.00
2008	285.00	30.00	90.00	-	405.00
2009	285.00	30.00	90.00	-	405.00
2010	285.00	30.00	90.00	-	405.00
2011	380.00	30.00	105.00	-	515.00
2012	380.00	30.00	105.00	-	515.00
2013	450.00	30.00	140.00	-	620.00
2014	450.00	30.00	140.00	-	620.00
2015	450.00	30.00	140.00	-	620.00
2016	500.00	30.00	200.00	-	730.00
2017	500.00	30.00	200.00	-	730.00
2018	700.00	50.00	-	-	750.00
2019	700.00	50.00	-	-	750.00
2020	700.00	50.00	-	-	750.00
2021	900.00	-	-	100.00	1000.00
2022	900.00	-	-	100.00	1000.00

Source: Ministry of Plantation Industry – 2022

Table 2: Monthly Tea Action Average Price for All Three Elevations in Sri Lanka in Sri Lankan rupees and US Dollar per Kilogram: 2016 – 2022

Months	2016		2017		2018		2019		2020		2021		2022	
	Rs.	US \$	Rs.	US \$	Rs.	US \$	Rs.	US \$	Rs.	US \$	Rs.	US \$	Rs.	US \$
Jan	410.88	2.85	596.9	3.95	637.75	4.16	587.16	3.23	588.85	3.27	645.02	3.39	704.67	3.51
Feb	403.84	2.83	596.85	3.97	633.73	4.1	581.96	3.27	604.46	3.35	648.34	3.32	725.63	3.61
Mar	412.03	2.87	638.76	4.01	613.13	3.95	585.92	3.38	595.22	3.08	654.32	3.27	848.08	3.35
April	429.34	2.99	648.52	4.05	609	3.88	578.23	3.34	696.2	3.66	627.87	3.21	1,350.25	4.09
May	449.15	3.08	628.74	4.02	591.24	3.76	539.55	3.09	697.57	3.76	610.35	3.08	1324.95	3.71
June	432.12	2.96	606.87	3.95	545.67	3.39	494.48	2.78	612.67	3.3	585.87	2.93	1,254.54	3.51
July	453.27	3.18	593.09	3.86	536.85	3.41	497.35	2.84	611.25	3.32	591.35	2.99	1,464.85	4.01
Aug	505.4	3.46	632	4.13	534.02	3.34	545.34	3.06	618.32	3.37	591.7	2.99	1,508.21	4.21
Sep	526.86	3.6	654.41	4.27	537.77	3.25	512.83	2.88	619.33	3.35	591.47	2.98	1583.78	4.36
Oct	577.08	3.88	647.61	4.19	586.19	3.48	527.34	2.94	643.7	3.51	607.38	3.05	1630.51*	4.49*
Nov	599.1	4.01	628.98	4.11	589.35	3.36	569.67	3.19	641.66	3.47	623.18	3.11	1679.23*	4.63*
Dec	580.46	3.91	619.11	4.11	572.64	3.18	577.29	3.21	644.07	3.41	638.23	3.19	1729.71*	4.77*

- * Forecasted Tea action Average price for Months September to December 2022
- Source: First Capital, 2022.

Table 3: Cost of Production of Tea Per Kilogramme in Sri Lanka: 2016/17 - 2020/21

Item	2016/17	2017/18	2018/19	2019/20	2020/21*
A.General charges Supervisory staff, monthly paid salaries, allowances etc, and directors, visiting charges.	17.27	20.65	21.41	18.34	18.13
Labour Holiday wages, feeding and schooling, concessionary grants, sanitary, medical and maternity benefits, contribution to E.P.F.	36.02	40.42	41.41	18.35	17.79
Up-keep of bungalows, roads, minor buildings, etc.,interest, bank charges and commission, insurance, depreciation of fixed assets.	34.39	35.42	36.71	35.12	30.34
Stationery, postage, etc., Auditors' fees, rent, acreage fees, and local taxes, other general expenses.	14.70	17.86	18.24	10.26	11.74
B- Up-keep and cultivation					
Labour wages including all allowances - weeding and upkeep of fences, control of pests and diseases, manuring, plucking ,pruning,supply of vacancies, field watchers, miscellaneous.	199.72	207.52	214.37	225.30	293.17
Materials and tools-fencing, control of pests and diseases,manure, other materials and tools.	29.86	27.24	28.73	26.63	21.92
C -Transport costs incurred in production					
Wages of drivers and cleaners, repairs to vehicles, fuel.	55.26	58.46	61.32	61.07	44.35
D -Cost of green leaf (1)					
(a) Cost of estate leaf	280.60	282.51	287.87	313.00	359.44
(b) Cost of bought leaf	304.73	284.87	290.28	392.66	472.11
(c) Cost of green leaf (weighted average)	290.78	279.52	282.72	373.10	439.00
E- Manufacturing costs					
Factory labour,fuel for engines,fuel for driers, eletricity, machinery up-keep, packing materials, factory sundries.	56.46	58.56	59.99	71.46	83.38
F- Marketing cost and agency house expenses					
Transport to Colombo auctions or port of shipping, storage and handling brokerage, agency charges, and other expenses.	23.37	22.87	23.31	19.88	18.10
Total cost per kilogramme of made tea.	467.06	475.29	483.79	546.53	618.49
Source - Agriculture and Environment Statistics Division, Department of Census and Statistics, Sri Lanka. Note: (1) The cost of production of tea estimates are based on a survey carried out jointly by the DCS and the Sri Lanka Tea Board - Sri Lanka (2) This estimate includes the transport cost from factory to Colombo also.					

