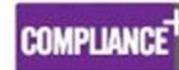


Insights on diverse labor measures implemented by employers in response to Covid-19: what works and what does not

Kanishka Weerasinghe
Director General
Employers Federation of Ceylon



Status of Infections

Stage 3 a

- Infected Cases – 143 (1st Discovery was made on the 3rd of March 2020)
- Deaths - 2
- Recoveries - 14
- Quarantined - 2000 plus
- Stringent Health measures in place to curb the spread of the virus

Impact of virus on Business

- All sectors have been impacted, and includes the conventional health care sector
- Travel, Tourism & hospitality sectors have been hardest hit (was recovering from the ill-effects of last year's Easter bombings)
- Manufacturing has witnessed a drastic drop in orders
- The full economic cost has yet to be calculated ; but is expected that the GDP growth to be revised down to 2.5 to 3 % from the earlier projections of 4 to 4.5% growth.
- The curfew & the measures taken to curb the virus has also hindered normal operations of employers
- Sri Lanka has a total population of 21.6 million, a workforce of 8.2 million; out of which up to 60 % are in the informal sector / self employed categories. Public sector consists of 1.6 million and the formal private employs approx. 3.2 million.
- High number of daily paid / self employed.
- EFC members directly employ approx. 800,000 persons, but count a much larger number if we consider indirect employment (e.g. through Labour contractors)

Measures Taken by the Government to handle the health situation

- No one can enter the country (departures are allowed)
- Curfew imposed in all parts since the 20th March
- Social distancing has been strictly enforced
- Initial decision was to restrict movement, allow limited production and work from home
- Some districts (including Colombo) will be in lockdown until the 6th of April
- Partial lifting of curfew in some regions
- Compulsory quarantine / self isolation for those returning from overseas
- Special quarantine centres and health facilities have been set up
- Special concession granted to those manufacturing healthcare products including PPE
- Essential services , production of food, manufacture of export goods (where orders exist) have been allowed under strict health conditions

Government Stimulus for Economic Growth

- Special fiscal & Financial Relief packages have been announced
- The second package worth over 50 Billion rupees was announced on the 27th March targets all business including SMEs, Self-employed, daily paid workers and those who have lost jobs
- Concessions include soft loans, grace periods to pay loans and leases for certain categories including business / low income earners
- Concessions granted to obtain working capital loans at a concessionary rates of interest fro business
- Special fund to fight COVID virus set out – contributions have exceeded one hundred and fifty million rupees

Employer response to current situation

- Work from home / distant location – e.g. the IT and IT enabled services sector has continued to operate.
- Urgent production carried out using skeletal staff / special rosters
- Production plans implemented after discussion with employees / unions / worker councils
- High sanitary and OSH conditions implemented
- Job sharing implemented
- Hotel sector has had close operations partially / fully – may witness temporary lay offs
- Employers devising strategies to avoid mass retrenchments in the short to mid term

Status on Payments to Employees

General Conditions

- basic pay
- Special incentives for those rostered to work
- absence during curfew with pay
- OT (only where applicable)

Special measures

- Allowances / reimbursements of high earners paid proportionately / Temporarily frozen
- Pay cuts being prosed for high income earners
- Special advances for festive seasons / bonus payments have been frozen by most employers
- Those subjected to temporary lay off – basic pay / 50 % pay / No pay – Employee consent / CGLs sanction required if pay is to be deducted

Some Immediate Relief Sought By the EFC

- Delayed remittance of EPF/ETF without having to pay surcharges - by up to 90 days from the due date – **Can be implemented through an administrative relaxation.**
- Dispensing with process relating inquiries in case of temporary lay offs – **red tape can be eliminated through an administrative relaxation**
- Allowing employers to deploy personnel to work extended hours and on holidays to cover work hours that were lost due to the imposition of curfew(limited to the period of coverage) after normal operations resume without having to pay OT / additional rates prescribed by statute
- Implementation of a system of grants / affording **samurdhi status (special social security net for low income groups)** to daily paid earners and those self-employed.

Thank you for your attention !