

PROTOCOL
FOR THE IMPLEMENTATION
OF A
PRICES AND INCOMES POLICY
1995 - 1997

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A PRICES AND INCOMES POLICY
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The Government, Employers' representatives and Workers' representatives (herein called the "Social Partners")

RECOGNISING that the Protocol for the implementation of a Prices and Incomes Policy which was in operation during the period 1st April, 1993 to 31st March, 1995, through its tripartite approach to industrial relations, has been a vital component of Barbados' macroeconomic programme for the realisation of sustained economic growth and development through increased competitiveness.

ACKNOWLEDGING that the attempt to reverse the trend of gradual erosion of Barbados' competitiveness has achieved a measure of success by:

- (1) safeguarding the existing parity of the rate of exchange through the use of fiscal and monetary policies, slowing the growth of inflationary pressures in the economy, and restricting the demand for imports;
- (2) facilitating the establishment of an environment of greater dialogue among the Social Partners within which fundamental issues of economic and social policy may be discussed;
- (3) improving the stability and sustainability of the industrial relations climate in Barbados;
- (4) providing opportunities for improved access to employment, thereby reducing the risk of social dislocation, particularly among young people;
- (5) initiating a national commitment to improve productivity, increase efficiency, reduce wastage and enhance performance in the economy;

- (6) continuing to position Barbados strategically to take advantage of improvements in the global economy, and facilitating sustained economic expansion based on the export of goods and services;

- (7) providing an essential element of labour market reform which can assist in the continuing improvement of Barbados' competitiveness;

AND FURTHER ACKNOWLEDGING that the achievement and maintenance of competitiveness are long term goals towards which Barbados must redouble its efforts;

REAFFIRM THEIR COMMITMENT to the broad principles set out herein for the design and implementation of a prices and incomes policy for Barbados, which supports the sustained economic development of the country;

NOW AGREE TO INSTITUTE a successor arrangement to consolidate the progress made towards enhancing Barbados' external competitiveness.

1. Being conscious that this prices and incomes protocol is predicated on the following major objectives:
 - (a) the continued safeguarding of the existing parity of the rate of exchange, recognising that any deterioration in this rate will lead to a significant reduction in the living standards of the vast majority of Barbadians;
 - (b) the continued and sustainable expansion of the economy to satisfy the need for improved competitiveness; to provide the right of access to employment; to reduce the unacceptably high level of unemployment and underemployment; thereby avoiding the threat of social dislocation and ensuring the security and well-being of the community as a whole;
 - (c) the promotion of a mechanism which will achieve restraint in prices, wages and other compensation payments in order to make Barbados' goods and services more competitive;
 - (d) the continued restructuring of the economy on a sustainable basis with equal opportunity being given for workers and employers to make greater

contributions to planning and redevelopment and also share in the fruits of that improved economy;

- (e) improved productivity and increased efficiency through reforms in the public and private sectors so that by reducing wastage and enhancing national performance, the country will be able to heighten its attractiveness to investors, thereby further extending the opportunities for employment.

2. In seeking to attain and maintain these objectives the Social Partners accept and agree that:

- (a) the climate for a prices and incomes policy must be based on mutual respect and discipline and on a clear national commitment to the foregoing objectives;
- (b) they will establish a framework which protects workers' security of tenure and seeks to reduce labour disputes;

- (c) labour shall not be required to vary benefits and conditions which it currently enjoys, unless it is for immediate general improvement, or unless by any such variation, labour assists in effecting the long term improvement in the conditions of those employed and creates jobs for the unemployed;
- (d) any measures which seek such labour market changes must be based on a greater understanding of all the relative positions and interests of each Social Partner, and must be pursued by the full and adequate sharing of relevant labour market information, and by genuine discussion and participation in decision-making;
- (e) the implementation of all aspects of this Protocol will be undertaken in a manner that fully acknowledges the spirit into which it has been entered and which honours the principles of transparency and objectivity; and
- (f) steps will be taken to effect the deepening and widening of the social partnership.

3. Within the framework of the foregoing, it is agreed and understood that the prices and incomes policy will operate in accordance with the following policies and procedures:

Prices Policy

- (a) any price increases shall be related to unavoidable or legitimate cost increases subject to the terms of the existing and regulatory agreements;
- (b) professionals, artisans and tradesmen shall seek to control increases in their fees and charges;
- (c) government shall seek to minimize the impact of its monetary, fiscal and commercial policies on prices.

Incomes Policy

- (a) there shall be a general restraint on increases in basic wages and salaries in both the public and private sectors;

- (b) the restraint on increases in basic wages and salaries will apply to all remuneration under contract of employment for any kind of work to be performed wholly or substantially within Barbados;
- (c) general restraint will extend to all pay, including wages and salaries at all organisational levels, allowances, payments in kind, fringe benefits and lump sums. It will also apply to all types of employment, as well as to both full-time and part-time work;
- (d) special consideration shall apply to wages which are deemed to be sub-standard by the Social Partners;
- (e) where increases are the result of job evaluation exercises or negotiated job enhancement exercises, wage restraint shall not be used artificially to suppress valid claims for increases in employee compensation;
- (f) additionally, increases in wages and salaries during the life of this Protocol will also be based on increased gains in productivity, assessments of profitability and other measures of organisational performance;

- (g) employers shall be encouraged to consider ownership sharing agreements including Employee Share Ownership Plans (ESOPs) as well as other incentive arrangements for workers;
- (h) a tax regime will be implemented by government which will support and complement the objectives of this Protocol.

Administrative Procedures

- (a) the Social Partners re-affirm that the collective bargaining process will be maintained;
- (b) a sub-committee of the Social Partners comprising two Ministers, one of whom shall be the Chairman, the Head of the Civil Service, the Director of Finance and Economic Affairs, the Permanent Secretary, Ministry of the Civil Service, the Chief Personnel Officer and an equal number of representatives of the Employers and the Congress of Trade Unions and Staff Associations of Barbados (formerly the Coalition of Trade Unions and Staff Associations) will be established to be the first line of

consultation regarding all aspects of the implementation of this Protocol.

It shall meet once per month or as often as necessary.

4. The Social Partners shall support and promote:
 - (a) schemes to foster employment through the development of small-scale enterprises and the economic enfranchisement of workers;
 - (b) dynamic programmes for training and retraining in the public and private sectors in order to enhance labour productivity;
 - (c) the formation and development of consumer groups and associations.

5. The Social Partners undertake to continue working closely with the National Productivity Board to ensure the efficient and effective performance of its functions and work programmes. Specifically, the Social Partners undertake to share, to the greatest extent possible, advice, expertise and relevant information required for the better functioning of the Board.

6. Meetings of the Social Partners in furtherance of the terms and conditions of this Protocol shall be held under the Chairmanship of the Prime Minister.
 - 6.1 Such meetings shall be held on a quarterly or three monthly basis, except where the nature of business requires more frequent meetings.
7. After consultation with the other Social Partners, a social partner may invite persons or institutions to participate in any meeting, if that partner deems it desirable to do so in the interest of advancing the objectives of this Protocol.
8. This Protocol is deemed to have come into effect from 1st April, 1995 and shall continue in operation until 31st March, 1997.
 - 8.1 Any Social Partner may request the review of any aspect of this Protocol to improve its efficiency and effectiveness by giving to the other Social Partners four (4) weeks' notice, in writing, to this effect.
 - 8.2 This Protocol shall be presented to Parliament by way of a Resolution for noting and approval.

II
CHIEF LABOUR OFFICER

ADDENDUM
TO THE PROTOCOL
FOR THE IMPLEMENTATION
OF A
PRICES AND INCOMES POLICY
1995-1997

PREAMBLE

Whereas the Social Partners have entered into a second Protocol for the implementation of a Prices and Incomes policy; and

whereas the Social Partners, in seeking to attain and maintain the objectives of that Prices and Incomes policy, have agreed in Clause 2(b) on page 6 of the said Protocol for 1995-1997 to establish a framework which protects workers' security of tenure and seeks to reduce labour disputes; and

whereas the Social Partners have agreed that such a framework should be given formal expression as part of the Protocol,

Be it now resolved that the provisions set out hereunder should form an addendum to the Protocol and should be treated in like manner as all other clauses within that document.

FRAMEWORK TO PROTECT WORKERS' SECURITY OF TENURE

DEFINITIONS

"employer" means any person, body of persons, firm, company, corporation, public authority or any other undertaking who or which employs a person under a contract of service.

"worker" means an individual who has entered into or works under a contract of service with an employer whether the contract is for manual labour, clerical work, or otherwise, is expressed, implied, oral, or in writing.

"employee" has the same meaning as "worker" wherever it occurs.

"Consultation" means joint consideration of matters of mutual concern with a view to arriving to the fullest possible extent at agreed solutions.

1. RATIONALE

(a) the Social Partners accept that the protection of workers' security of tenure is an important element in achieving the objectives of the agreed Protocol;

(b) the Social Partners recognise that the basis of any protection of workers' security of

tenure in Barbados must take account of the Universal Declaration of Human Rights which specifically provides in Article 23 that "everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment";

(c) the Social Partners also accept that the application of measures to ensure workers' security of tenure must be consistent with the principles enunciated by the International Labour Organisation.

1.1. EMPLOYMENT POLICY

The Social Partners, cognisant of those principles, viz. outlined in paragraphs (a) to (c) of the above, therefore agree that in order to stimulate economic growth and development, to raise standards of living, to meet manpower requirements and to overcome unemployment and underemployment, there should be an active national policy to promote full, productive and freely chosen employment.

The Social Partners also agree that any such national policy shall seek, to provide jobs for all those Barbadians who are available for and desirous of work, to make such work as productive as possible, and to ensure the freedom of choice of employment, in an environment void of any form of discrimination where workers have the greatest possible opportunity to qualify for, and to use their skills and potential in, jobs well suited to them.

The Social Partners further agree that adequate safeguards shall be provided in any such policy, against recourse to contracts of employment for a specific period of time, whose effects are to run counter to the purpose of such a policy and so negate the intended protection of workers' security of tenure.

1.2. TERMINATION OF EMPLOYMENT

The Social Partners further accept, notwithstanding agreement on a national employment policy, that the termination of any employment shall be consistent with the principles enunciated by the International Labour Organisation on the matter.

The Social Partners, cognisant of those principles, therefore agree that when the employer, for reasons of an economic, technological, structural or similar nature, contemplates terminations, the employer shall:

(a) provide the workers' representatives concerned in good time with relevant information including the reasons for the terminations contemplated, the number, and categories of workers likely to be affected, and the period over which the terminations are intended to be carried out;

(b) in accordance with national law and practice, give the workers' representatives concerned, as early as possible, an opportunity for consultation, on measures to be taken to avert or to minimise the terminations, and measures to mitigate the adverse effects of any terminations on the workers concerned (such as finding alternative employment).

2. GENERAL PROVISIONS

The Social Partners agree that:-

(a) job security is an important element of the labour contract, and in the context of the Protocol, accept that there is a responsibility to work together to preserve employment for workers;

(b) where it is perceived in an undertaking that there has to be, for whatever reason, a reduction in the workforce or major payroll reductions, the relevant union or staff association, or where no such body exists then the workers themselves, shall be so informed in writing at least two (2) weeks prior to the statutory notice period;

(c) in all instances where major payroll reductions are being considered consequent upon significant changes in production, programme, organisation, structure, technology and otherwise in an undertaking, the reasons for the proposed termination shall be discussed with the relevant union or staff association, and where there is no such body, the workers themselves, prior to the implementation of any such changes;

(d) any such consultation shall include consideration about ways of avoiding the dismissals, reducing the number of employees to be dismissed and mitigating the consequences of the dismissals;

(e) wherever possible the relevant union or staff association, and where there is no such body, the workers themselves, shall be assisted in obtaining the financial information which forms the basis for discussion in respect of payroll reductions;

(f) if after the required consultation, retrenchment is unavoidable, then the termination of employees shall be based on the principle of "last in-first out", so that an employee with seniority in service shall have precedence over an employee with seniority in the particular job category of the bargaining unit (where applicable) in which the terminations will occur, provided, however, that there may be a variation in the principle in cases where there is just reason for terminating an employee with seniority in service;

(g) in the event of "lay-off" or "short-time" working of permanent employees within the meaning of the Severance Payments Act, the practice of "last in - first out" shall apply and shall have the same interpretation as in clause 2 (f) above, provided always that the

employer may elect to so rotate the employees as to ensure an equitable distribution of the work among them;

(h) the services of regular employees shall be retained in preference to seasonal or temporary employees;

(i) where reductions in the workforce are occasioned by a fall off in demand for goods and services, and where, following a subsequent increase in demand for such goods and services, the undertaking has to recruit employees: all things being equal, those who had been made redundant as a result of the initial fall off shall be given priority in recruitment, provided always that those workers have met such performance standards as may have been agreed upon during their last tour of duty;

(j) where, owing to the exigencies of an undertaking seasonal workers have been laid off, those workers shall be given first consideration for re-employment all things being equal, provided always that those workers have met such performance standards as may have been agreed upon during their last tour of duty;

(k) workers, prior to termination of employment, shall be entitled to receive a written statement evaluating their conduct and performance, as may have been agreed upon in their last tour of duty, immediately preceding their termination. A copy of such statement shall be placed on the employee's file;

(l) where necessary and appropriate, training and retraining of employees shall be provided by the employer for those employees affected by the job loss;

(m) special consideration shall be given at all times to employees who may either be physically or mentally challenged.

3. SPECIFIC PROVISIONS

3.1. SUB-CONTRACTING

The Social Partners agree that:-

(a) where an employer intends to subcontract services which are provided by employees of the undertaking, whether in a bargaining unit or otherwise, the relevant union or staff association or where no such body exists, the workers themselves, shall be so informed in writing at least two (2) weeks before the intended course of action;

(b) any such consultation shall include consideration about ways of avoiding the dismissals, reducing the number of employees to be dismissed and mitigating the consequences of the dismissals.

3.2. ECONOMIC REDUNDANCY

The Social Partners agree that:-

(a) where in any undertaking it is anticipated that there will have to be reduction of expenses because of economic or financial considerations, payroll reductions shall be given equal consideration along with other factors;

(b) where it is accepted by the parties that payroll reductions may be necessary, every effort shall be made to retain jobs;

(c) where a case for redundancy is established and is likely to affect permanent employees, then the relevant union or staff association or where no such body exists then the individual workers themselves, shall be provided, in writing, at least two(2) weeks before the statutory notice period with the names, job skills and seniority of the persons to be made redundant;

(d) provision shall be made in each undertaking where a case for redundancy is established for the relevant union or staff association or where no such body exists then the individual workers themselves, to have such viva voce representation on the matter as it deems necessary, any such first meeting with the employer to be held within four (4) days of the receipt by the union or staff association or where no such body exists then the individual workers themselves, of the notice of the proposed redundancies.

3.3. STRUCTURAL CHANGES

The Social Partners agree that:-

(a) where an undertaking decides to introduce structural changes in its operations - e.g. takeover, merger, contraction or expansion of facilities and the like - the employer shall afford the relevant union or staff association or the workers themselves, the earliest possible notice, but in any event not less than two (2) weeks' notice of its intention, prior to the statutory notice, and shall discuss the proposed changes with the union or staff association or where no such body exists then the individual workers themselves;

(b) where employee numbers may be affected by any such changes, all attempts shall be made to retain jobs, and, where necessary and appropriate, training and/or retraining of staff shall be provided by the employer for those in the undertaking who are affected.

3.4. TECHNOLOGICAL CHANGES

The Social Partners agree that:-

(a) where the introduction of any technological change is likely to affect the job security of employees in an undertaking, the employer shall discuss the introduction of such technology with the relevant union or staff association or where no such body exists then the individual workers themselves, at the earliest possible opportunity, and in any event not less than two (2) weeks before the contemplated introduction of the technology;

(b) where such technological changes are being considered, then the workers in the areas likely to be affected shall be offered, where feasible, the opportunity to be trained in the use of the new technology, and the selection for such training shall be on the basis of seniority, but this practice may be varied for just reasons relating to prior qualifications and demonstrated competence in the particular field.

APPLICABILITY

The Social Partners agree, that the applicability of Sections (3.2.), (3.3.) and (3.4.) herein shall be limited to undertakings in which it is contemplated that there will be a reduction in the permanent workforce in that undertaking by 10% or more.

The Social Partners also agree, notwithstanding the foregoing provisions, that in all those instances where other than major payroll reductions are, for whatever reason, being considered, the relevant union or staff association or where there is no such body in existence, then the workers themselves, shall be informed not less than two (2) weeks prior to the statutory notice applicable in such instances;

The Social Partners further agree that the various provisions set out above in respect of major payroll deductions in the above shall apply, with the necessary changes, in instances where there are other than major payroll deductions and any such consultations shall take place in accordance with established industrial relations practice as may be initiated by the relevant union or staff association with a view to avoiding the dismissals, reducing the number of employees to be dismissed or mitigating the consequences of the dismissals.

3.5. JOB ENHANCEMENT

The Social Partners agree that:-

(a) where in an undertaking it is proposed that jobs should be combined or enhanced by the inclusion of tasks and responsibilities not previously included in those jobs, the employer shall so notify in writing, the relevant union or staff association and where there is no such body the individual workers themselves;

(b) any such notification shall include information relative to the existing job description, the proposed revised job description, the intended change in remuneration where appropriate, and such information shall form the basis of discussion between the parties;

(c) where a revised job description implies additional authority, work load, responsibility or productivity, a premium on the existing pay shall be the subject of negotiation.

4. EXISTING COLLECTIVE AGREEMENTS

The Social Partners agree that nothing in the foregoing shall be construed to violate the terms of existing collective agreements or to affect the collective bargaining process.