

PROTOCOL

For the Implementation
of a
Prices and Incomes Policy

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PRICES AND INCOMES POLICY

The Government, Employers' representatives and Workers' representatives (hereinafter called the "Social Partners"):

ACKNOWLEDGING that the success of Barbados as a nation has been due, in large measure, to its peaceful and harmonious labour—management relations, and that these relations have been characterized by the maturity exercised in industrial relations by the social partners;

RECOGNISING that such maturity springs from the acceptance that tri—partism is the most sound and effective strategy through which a commitment to national co-operation and development may be realized; and

AFFIRMING that sound relations may be maintained only by their commitment to the principles laid down by the International Labour Organisation for the just and equitable development of labour and capital, more particularly the principles of Freedom of Association (Convention No. 87) and the Right to Bargain Collectively (Convention No. 98);

AGREE to the following broad principles encompassing a Prices and Incomes Policy for Barbados, as part of an overall strategy for the sustained economic development of the country, since it is recognised that there has been a gradual erosion in Barbados' competitiveness which needs to be reversed by resolute and co-ordinated action by the Social Partners:

1. The Prices and Incomes Policy shall have as its basis for existence the following major objectives:
 - (a) the 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 expansion of the economy to satisfy the need for improved competitiveness; to provide the right of access to employment; to reduce the threat of social dislocation caused by an unacceptably high level of unemployment; and thereby to ensure the security and well-being of the community as a whole;
 - (c) the establishment of an environment which will bring Barbados' goods and services into a more competitive position at home and abroad;
 - (d) the promotion of mechanisms which, within this

search for a competitive position for Barbados, will achieve restraint in wages and other compensation payments as well as prices;

- (e) the restructuring of the economy on a sustainable basis with opportunities being given for workers and employers alike to make a greater contribution to planning and redevelopment and also to share in the fruits of that improved economy;
- (f) the promotion of a national commitment to improved productivity and increased efficiency so that by reducing wastage and by 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 these objectives the Social Partners accept and agree that:

- (a) the climate for a Prices and Income Policy must be based on mutual respect and on a clearly definable national commitment;
- (b) they will establish a framework which protects workers' security of tenure and seeks to reduce labour disputes.

(The Social Partners have noted the government's initiative, based on its review of overall public service

requirements, to fill over 450 vacancies in the public service since January 1st 1992, and that there were in excess of 350 promotions during the same period, and that the Government will continue this ongoing process.)

- c) labour shall not be required to vary the benefits and conditions which it currently enjoys, unless it is or immediate general improvement, or by any such variation labour assists in effecting the long term improvement in the conditions of those employed and creates jobs for the unemployed; and
- (d) any protocol which seeks such labour market changes must be based on a greater understanding, one by the other, of 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.

3. Within the framework of the foregoing it is agreed and understood that:

- (a) there will be a general freeze on increases in basic wages and salaries in both the public and private sectors: provided, however, that this shall not be made to apply in areas where wages are deemed by the Social Partners to be substandard;

- (b) the freeze on increases in wages and salaries will apply to all remuneration under contracts of employment for any kind of work to be performed wholly or substantially within Barbados; provided that where increases are the result of job evaluation exercises or negotiated job enhancement exercises, they shall be valid;
- (c) the freeze 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) employers shall not pay remuneration for work at a higher rate than that paid for the same kind of work before the coming into force of this protocol;
- (e) increases in wages and salaries during the life of this agreement will be made only in terms of profit-sharing arrangements or productivity bonuses, based on an assessment of profitability or improvement in productivity;

Provided it is also agreed and understood that:

- (f) monopoly pricing will be kept under review by a monitoring committee made up of the Social Partners; so that increases may be limited to legitimate cost increases;

subject to the terms of existing agreements and regulatory arrangements;

- (g) the Social Partners will immediately work together to consider and examine indexing wage adjustments and tax allowances to increases in the cost of living;
- (h) the Social Partners accept that collective bargaining will still be maintained within the period to address conditions of work, as well as the sharing of productivity gains;
- (i) a tax regime is established by Government which supports the objectives set by this protocol;
- (j) and provided further that the Government undertakes to mandate the Productivity Board to develop and arrive at ways of measuring productivity within the public sector so as to ensure that public sector workers are not disadvantaged by any provisions of this protocol.

3.1 The Social Partners undertake, where possible, to ensure that prices, employment incomes and other forms of incomes, including professional fees, are subject to the terms and conditions of this agreement.

3.2 Subject to 3.(f) and in furtherance of 3.(l), the Social Partners intend to engage in continuous discussion to establish a monitoring mechanism to review the movement of prices, employment incomes and other forms of incomes, including professional fees.

4. In furtherance of the objectives of this protocol, a National

Productivity Board will be established under terms set out by legislation.

- 4.1 The Social Partners undertake to work closely with the Board to ensure the efficient and effective carrying out of its functions and work programmes. Specifically, the Social Partners undertake:
- (a) to share to the greatest extent possible relevant information required by the Board; and
 - (b) to assist in developing productivity incentive plans, gain-sharing or Profit-sharing schemes for guidance and adoption in securing wages and salaries settlements.

The Social Partners agree:

- (a) that any decisions taken to further the objectives of this protocol shall be unanimous;
- (b) to meet at least four times a year or when requested by a Social Partner to review progress and adopt, where necessary, new operational approaches in furtherance of the implementation of the national Prices and Incomes Policy;

6. Meetings of the Social Partners in furtherance of the terms and conditions of this protocol shall be held under the Chairmanship of the office of the Prime Minister.

- 6.1 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.

7. This protocol is effective from April 1, 1993 and shall continue in operation until March 31, 1995.

7.1 Any Social Partner may request the review of any aspect of this protocol with a view to improving its effectiveness by giving to the other Social Partners four weeks notice, in writing, to this effect.

7.2 This protocol is not applicable to' agreements entered into in good faith under the customs and practices of our voluntaristic collective bargaining system and whose effective dates are prior to April 1, 1993.

7.3 This protocol shall be presented to Parliament by way of a Resolution for noting and approval.

Signed by the Social Partners on the day
of / 1993 at Government Headquarters.

For the Government of Barbados

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Workers' Representatives

Employers' Representatives