

130/1

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

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

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.

Signed by the Social Partners on the  
1995 at Government Headquarters.

30<sup>th</sup>

day of August

For the Government of Barbados

*[Handwritten signature]*

Workers' Representatives

*[Handwritten signature]*  
Gladwyn O. Campbell  
Patrick Paul  
V. G. Benn  
Aurela Crawford  
Colleen Winkler - Brathwaite  
P. L. Jones  
*[Handwritten signature]*

Employers' Representatives

*[Handwritten signature]*  
Kathryn Hinds  
L. M. C. Priest  
*[Handwritten signature]*  
J. M. H. Harrison  
*[Handwritten signature]*