



Cabinet Office

Ministerial Statement To the House of Assembly

By

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Premier

Government Negotiations 2013

26th July 2013

Mr. Speaker, I rise today to report to Honorable Members on the subject of the recently concluded negotiations between the Government of Bermuda and the Bermuda Trade Union Congress (BTUC)

Mr. Speaker, the six Unions/Associations that represent Government employees have different terms and conditions of service, and because of the need for all parties to the agreements to have a shared understanding as it related to the need for cost reduction, the Government proposed that negotiations this year should be held with the BTUC on behalf of their affiliate members.

The BTUC agreed, and led by its President, Mr. Alan Wilkinson met with representatives of the Government, led by Assistant Secretary to the Cabinet, Mrs. Judith Hall-Bean to negotiate a new agreement.

Mr. Speaker, the first meeting was held at the end of April 2013 at which time the BTUC requested presentations on Government's current economic conditions to their individual memberships. These presentations were held in May 2013. The BTUC also requested a meeting with the Government Principals, the Premier and the Minister of Finance, and this meeting was held on 20th May 2013.

Mr. Speaker, the Government Negotiation Team then met with the BTUC in negotiations on 10th June 2013 with a clear mandate to reduce operational expenditures with a particular focus on wage and salary costs.

Mr. Speaker, on 26th June 2013, following intense, but fruitful discussions the Government and the BTUC reached an agreement in relation to a 4.5% reduction in the overall pay packet for all Public Officers.

This Agreement was reached after discussions with the BTUC on behalf of representatives of the Trade Unions/ Associations which are listed below:

Bermuda Industrial Union

Bermuda Police Association

Bermuda Public Services Union

Bermuda Union of Teachers

Fire Services Association

Prison Officers Association

The Agreement was made with the understanding that the Government agreed it is not their intention to make redundancies or lay-offs from the signing date of the

MOU to 31st March 2015. However, if it becomes necessary to do so, the Employer agreed to consult with the BTUC on any proposal to abolish any position/post within the Public Service which will result in redundancies.

Mr. Speaker, the outcome of this negotiation process is historic because this is the first time that the Government has negotiated with all Unions and Associations as a collective body.

All six Unions and their membership, represented by the Bermuda Trade Union Congress have ratified this agreement, despite their different and separate terms and conditions.

Mr. Speaker, this is an unprecedented accomplishment. The Unions are to be commended as this speaks to their willingness to work together with each other and with the Government to reach a mutually beneficial outcome that is in our country's best interests.

Mr. Speaker, on Monday 22nd July 2013 the Government and the BTUC signed a Memorandum of Understanding (MOU) which will be effective for the period 1st September 2013 until 31st March 2015. The MOU sets out the specifics of the Agreement which was reached in respect to ALL Public Officers employed by the Government.

Mr. Speaker, the terms of the MOU included the following:

- Early Retirement Incentive Plan (ERIP)

Public Officers who are 60 - 64 years of age or who are eligible to retire under the Pensions Act 1970 or the Public Service Superannuation Act 1981 may apply to their Department Head for early retirement.

Public Officers who are eligible to retire under either of the above Acts will qualify for the payment of six months' pay as an incentive to seek early retirement. Eligible Public Officers must apply no later than Monday, 16th September 2013 with a separation date of no later than Monday, 30th September 2013.

Mr. Speaker, for this proposal to provide any level of long-term savings, the post vacated as result of this retirement must NOT be filled for a period of two (2) years, and that on the approval of the Secretary to the Cabinet/Head of the Civil Service all funds associated with the position could be frozen for a period of two (2) years.

Mr. Speaker, the estimated cost savings based on 50 employees seeking early retirement at an average salary of \$70,000 could be 1 year plan = \$3.5 - 5 million - Second year \$7 -10 million.

- One unpaid and un-worked day off per month

Mr. Speaker, ALL Public Officers will receive one unpaid and un-worked day off per month for a period of two (2) years. Any overtime hours worked to cover the unpaid and un-worked day will be paid at straight time. HODs and Supervisors will be required to manage the leave portion of this process. Estimated Savings: 1st year = \$21 million; 2nd year = \$42 million.

- Four Year Pay freeze from 2011 until 2015

Mr. Speaker, agreement was reached on a salary pay freeze for all Public Officers for the period 2011 until 31st March 2015. This Agreement will vary between each Union and Association, understanding that some have previously been awarded, through the Arbitration process, increases during the above-mentioned period of time.

Mr. Speaker, whilst no real savings can be estimated with this agreed proposal, it was considered reasonable to expect that the cost of living will continue to increase. The agreement to freeze the salaries for the next two years ensures that even if the CPI rises, Public Officers' salaries will remain frozen.

- Formulation of the Tripartite Economic Committee

Mr. Speaker, agreement was reached for the formulation of a Tripartite Economic Committee. It was agreed that best efforts would be made to ensure that the Tripartite Economic Committee which should consist of representatives of the Government, the Employers Council, the Chamber of Commerce and the BTUC, would be appointed and would hold its first meeting no later than the first week of September 2013.

- Correspondence to private sector

Mr. Speaker, in light of the agreed concessions which will result in a reduction in the pay packet of all Public Officers, the Employer agreed to correspond with private sector organizations on the Island to inform them of the concessions made

by the BTUC on behalf of Public Officers, and to request their cooperation going forward.

- Non Compliance

Mr. Speaker, it was agreed that if either party to the MOU did not adhere to the terms and conditions of the MOU, the aggrieved party would request a meeting of the negotiating team to discuss the matter in the first instance. It was also agreed that the MOU did not replace or amend any existing Collective Bargaining Agreements or conditions of work not covered in the MOD.

Mr. Speaker, I would like to extend my congratulations to the negotiating teams that worked tirelessly in a spirit of unity and cooperation to make this an historic occasion, delivering an outcome that is good for Bermuda.

Mr. Speaker, from a Government perspective, we went into the negotiations with the intention of not making redundancies or layoffs. I am encouraged that jobs have not been cut and that no position has been made redundant. In the midst of our current economic climate, the stakeholders came together for the greater good and reached an amicable solution. This is an example of the shared sacrifice I referred to when Ministers took a cut in pay earlier this year.

We are working together to take Bermuda forward.

Thank you, Mr. Speaker.