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PART I: SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 13.12.2004

**TABLE OF REIMBURSEMENTS OF MEDICAL EXPENSES**  
**AMOUNT OF BENEFITS PER YEAR.- (Contd.)**

3. Tests/Special Services	5,040	5,040
4. Corrective Treatment Appliances	8,460	8,460
C. Travelling	1,200	1,200

**Note**

1. **Spectacle:** Every two years
2. **Hearing aids:** Once in a life time
3. **Carry forward benefit:** Any employee who has exhausted the current year's benefits under category A (1) & (2) shall be entitled to a "Carry forward benefit" on a cumulative basis not exceeding 20% per year of the value of the annual benefits under A (1) & (2). The maximum benefit that shall be available is equivalent to 100% of the benefit of the category A (1) & (2) for the current year.
4. **For critical illnesses:** a maximum of LRK 250,000 during the currency of employment for the critical illnesses defined below:

**Critical Illnesses:**

1. Cancer due to malignant tumor, leukemia, malignant disease of the lymphatic system
2. Heart Attack: (Myocardial Infarction)
3. Stroke
4. Coronary Artery (Bypass) Surgery
5. Kidney failure (end stage renal disease)
6. Heart valve surgery
7. Angioplasty
8. Chronic Liver Diseases (liver diseases secondary to alcohol or drug misuse is excluded).

IN WITNESS WHEREOF the parties have set their hands hereunto and to two others of the same tenor and date at Colombo on the date specified above.

*For & on behalf of*  
**MERCHANT BANK OF SRI LANKA LIMITED**

SUNIL GAMINI WIJESINHA  
 Managing Director / CEO

*For & on behalf of*  
**CEYLON BANK EMPLOYEES' UNION**

M. R. SHAH  
 President  
 G. KARUNARATNE  
 General Secretary

**WITNESSES:**

D. S. AMARASINGHE  
 President  
 CBEU-MBSL Br.

R. L. P. PEIRIS  
 Deputy Director-General  
 EFC

12 - 766

My No.: CI/328

**THE INDUSTRIAL DISPUTES ACT, CHAPTER 131**

THE Collective Agreement entered into between State Mortgage and Investment Bank, No. 269, Galle Road, Colombo 03 of the one part and Ceylon Bank Employees' Union, No. 20, Temple Road, Colombo 10 of the other part on 23rd January, 2004 is hereby published in terms of Section 6 of the Industrial Disputes Act, Chapter 131, Legislative Enactments of Ceylon (Revised Edition 1956).

MAHINDA MADIHAHEWA,  
 Commissioner General of Labour.

Department of labour,  
 Labour Secretariat,  
 Colombo 05.  
 19 th November, 2004.

## Collective Agreement No. 39 of 2004

### COLLECTIVE AGREEMENT

Between

State Mortgage and Investment Bank No. 269, Galle Road, Colombo 03, of the one Part

AND

Ceylon Bank Employees' Union No. 20, Temple Road, Colombo 10, of the other Part

This Collective Agreement is made on this 23rd day of January 2004 by and between the State Mortgage and Investment Bank of the one part (hereinafter referred to as "the Bank") and the Ceylon Bank Employees' Union of the other part (hereinafter referred to as "the Union").

In terms of the letter dated 16th January 2004 signed by the Secretary, Ministry of Finance (annexure I) the State Mortgage and Investment Bank and the Ceylon Bank Employees' Union agree to the following:-

TITLE: This Agreement will be known and referred to as "State Mortgage and Investment Bank Collective Agreement with the Ceylon Bank Employees' Union for the Period first January Two Thousand Three to thirty first December Two Thousand Five (01.01.2003 to 31.12.2005)".

1. **Employers to be covered and bound.**- This agreement shall cover and bind the State Mortgage and Investment Bank, which is a party to this Agreement.

2. **Employees to be Covered and bound.**- This agreement shall cover and bind members of the Ceylon Bank Employees' Union in employment with the Bank who are employed in any of the categories for which a salary scale has been prescribed in this Agreement in the Annex hereto.

3. **Date of Operation and Duration.**- This Agreement shall come into force on First January Two Thousand Three (1st January 2003) and thereafter continue to be in force, unless it is determined by either party giving six months notice in writing to the other provided, however, that no party shall give such notice to the other party before the 1st day of July, 2005 and such notice shall not expire before the 31st day of December, 2005.

4. **Matters covered and variation of terms and conditions of employment and benefits.**- (a) This Agreement shall be in full and final settlement of all matters covered here in as well as of all the matters raised by the Union and in respect of which negotiations took place between the parties before the conclusion of this agreement and the Union agrees that it will not during the continuance in force of this Agreement raise any of the matters which were discussed and negotiated between the parties preceding this Agreement other than the matters relating to non salary benefits which shall be discussed by the Management of the Bank with the Union and reach finality on or before 30th April 2004. After an agreement has been arrived at, as regard non-salary benefits the terms and conditions of same shall be annexed to this agreement, which shall form an integral part thereof.

(b) The Union and its members shall not during the continuance in force of this Agreement seek to vary, alter or add to all or any of the terms and conditions of employment or benefits applicable or enjoyed as provided for in this Agreement other than by mutual agreement with the Bank.

5. **Salary Components.**- As from 01.01.2003 each employee covered and bound by this Agreement shall be paid upon and subject to the other terms and conditions herein contained a monthly salary which comprise of the following components:

(i) Fixed Component linked to "Basic Salary" and related allowances.

(ii) Variable Component linked to performance.

FIXED COMPONENT.- *The fixed Component comprise the following items.*- (i) Rationalized Basic salary as set out in the Annexure 2 hereto. (those reaching the maximum of the salary scales of the highest grade in each category marked "F" against in the Annexure 2 will be entitled for increments continuously not withstanding the maximum point given in the salary scales).

## (ii) Allowances

(a) In addition to the basic salary the following allowances will be paid, effective from 01.01.2003.

- (i) Cost of Living Allowance as per item (b) below.
- (ii) Rent Allowance as per (c) below.
- (iii) 10% of Basic salary, Rent Allowance and Cost of Living Allowance.

(b) The Cost of Living Allowance at the rate of Rs. 2.75 frozen as at December, 1999 at the index point of 2404.9. Commencing January 2000, every one point change over and above the Colombo Consumer Price Index (CCPI) of December 1999, only will be computed at Rs. 3.00. If the index point drops below the December level *i.e.* 2494.9 the computation should be at the rate of Rs. 2.75 per point.

(c) The Rent Allowance which will be 20% of the Basic Salary with a minimum of Rs. 1,400.

## VARIABLE COMPONENT

(a) Basis of determination of Variable Component will be determined in the course of time.

6. **Tax on Emoluments.**— The question of tax on emoluments will be resolved in consultation with the Ministry of Finance.

7. **Conversion of the Basic Salary.**—(a) The basic salaries of all employees will be converted to the revised scale by applying the step for step point by point) method of conversion.

(*e.g.*) An employee who had been on the 05th step of the scale as at 31.12.2002 will be placed on the 5th step of the relevant revised scale with effect from 01.01.2003.

(b) Non-Banking Stream personnel shall also be placed at the appropriate revised salary scale on the same basis.

8. **Conversion Anomalies.**— Any anomalies that would arise consequent to this revision shall also be examined by a Committee comprising of representatives of the Bank and the Union and will be rectified suitably.

9. Where the existing terms and conditions of employment of an employee covered and bound by this agreement and any existing concessions extended to the members of the Union are more favourable than the terms and conditions provided for in this agreement, then nothing in this agreement shall in any way affect or prejudice such existing terms and conditions of employment or such concessions shall continue to exist notwithstanding anything to the contrary contained herein.

10. Where an employee was immediately prior to the date hereof entitled to or becomes entitled on or after that date under or by virtue of any law, contract agreement, award or custom to any rights or privileges more favourable than those to which he/she would be entitled under this agreement, nothing in this agreement shall be deemed or construed to authorize or permit the Bank to withhold, restrict or terminate such right or privilege.

## STATE MORTGAGE &amp; INVESTMENT BANK

J. J. RAJAKARUNA  
Chairman

U. H. D. PATHMASIRI  
General Manager

## CEYLON BANK EMPLOYEES' UNION

M. R. SHAH  
President

GAMINI KARUNARATNE  
General Secretary

## WITNESS TO THE ABOVE SIGNATORIES :

I. WIMALASENA  
Deputy General Manager  
(Finance, Planning and Administration)

L. G. SAMARAWICKRAMA  
Assistant General Manager  
Personnel and Administration

R. M. ABEYRATNE  
President  
CBEU-SMIB Branch

H. M. R. DE SILVA  
Secretary  
CBEU-SMIB Branch

16th January 2004

The General Manager  
BANK OF CEYLON

The General Manager  
PEOPLE'S BANK

The General Manager  
NATIONAL SAVINGS BANK

The General Manager  
STATE MORTGAGE AND INVESTMENT BANK

Dear Sirs,

### Collective Agreement 2003 – 2005 of state banks with registered trade unions

I write with reference to the Joint Memorandum dated 22nd December 2003 submitted to me by representatives of the Bank of Ceylon, Peoples Bank, National Savings bank and the State Mortgage and Investment Bank calling for comments and ratifications prior to referring the proposal to the respective Boards of Directors for their formal approval and for final approval of the Hon. Minister of Finance.

It appears that although the proposals have still not received the approval of your respective Boards of Directors, the Joint Management Negotiating Committee has already agreed with the registered Trade Unions the content of the proposal with the exception of only a few items. It is also noted that the revisions provide for a cost of living payment of Rs. 8,447 in addition to increases in base salary ranging from 30% to 60%.

One of the reasons given for this increase has been the minimum salary increase of Rs. 1,250/- given to the Government Sector. This reasoning is not valid since the Banking Sector is entitled to a cost of living allowance which currently stands at Rs. 8,447/-. The payment of this allowance has resulted in an entry point salary of around Rs. 15,000/- which seems excessive.

Given the circumstances, the Ministry of Finance will not stand in the way of the intention of the Banks. I will only emphasise my understanding that as indicated in the said note, the respective banks have ensured that the implementation of these proposals will not impact on the profitability of the banks and that competitiveness with other commercial banks is not further eroded.

Please also ensure that when the salaries are next due for negotiations, steps are taken to adjust the scales for any excessive payments that have been provided for during the current negotiations.

Subject to the concerns referred to above, the Ministry of Finance will give you the approval to go ahead with the implementation of the proposal.

Yours Faithfully,

J. Charitha Ratwatte  
Secretary to the Ministry of Finance.

ANNEXURE 2

#### STATE MORTGAGE & INVESTMENT BANK

##### REVISION OF SALARIES AS AT 01.01.2003

<i>Salary grade</i>	<i>Existing Salary Scale 31.12.2002</i>	<i>Revised Salary Scale from 01.01.2003</i>
04. F	<u>8650 – 14750</u> 305 × 20	<u>12750 – 20850</u> 405 × 20
05. F	<u>6500 – 10800</u> 215 × 20	<u>9900 – 15600</u> 285 × 20
Management Trainee	6000/-	9000/-
06. (a) F	<u>7250 – 12050</u> 240 × 20	<u>10900 – 17200</u> 315 × 20