

**Circular No. 11**

**Ref. No. C5**

**Public Service Establishment Division  
Ministry of Finance and Planning  
30 National Heroes' Circle  
Kingston 4**

April 21, 2004

To: Permanent Secretaries  
Heads of Departments  
Chairmen of Boards and  
Chief Executive Officers

**Memorandum of Understanding – Expenditure Restraint**

As you may be aware the Government of Jamaica and the Jamaica Confederation of Trade Unions have signed a Memorandum of Understanding that affects all public sector employees.

This Memorandum of Understanding is applicable to Central and Local Government and all other Government entities, commissions, companies, corporations, institutions and statutory bodies.

Arising from this Memorandum of Understanding, there is a general policy of expenditure restraint. This policy includes but is not limited to the following areas:

1. **Acquisition of Motor Vehicles** The Purchase of motor vehicles in the public service is to be strictly in keeping with the Comprehensive Motor Vehicle Policy for the Public Sector. Care should be exercised in respect of the make and model vehicle being purchased.

The current motor vehicle fleets are to be rationalised in respect of

- Fleet Size
- Economy and Efficiency of existing vehicles
- Fleet Management

Where there are excess vehicles in some fleets and shortages in others transfers are to be effected under the supervision of the Ministry of Finance and Planning.

2. **Procurement of Goods and Services** The purchase of goods, services & works are to be strictly in keeping with the procurement guidelines of the Government of Jamaica as detailed in the procurement handbook for the public sector.

Due regard is to be given to:

- (i) The quantities in which purchases are made
- (ii) The expiry dates of products when purchases are being made
- (iii) Ensuring that there are adequate and appropriate storage facilities for resources.
- (iv) Value for money

3. **Social Functions** Officers are to exercise due regard in the planning and execution of **all** social functions. The rental of property and motor vehicles are to be strictly monitored.
4. **Foreign Travel** All foreign travel should be restricted to visits that are absolutely necessary. Permanent Secretaries and Chief Executive Officers are to determine whether or not such visits would qualify under this circular. In respect of training every effort should be made to secure training locally in the first instance.
5. **Utilities** (Electricity, Telephone and Water) utilities have become a major cost item in the budget. Consequently, every effort should be made to reduce these costs by using appropriate conservation methods.

In furtherance of the implementation of a policy of expenditure restraint, the Partners have agreed that there is to be established in all agencies of government a cost savings committee that should be representative of all levels in the organisation.

This committee's mandate is to develop and effect general cost savings measures in all areas. A quarterly report detailing the savings achieved is to be submitted to the Ministry of Finance and Planning through the respective Permanent Secretary, Head of Department or Chief Executive Officer.

Forty percent (40%) of the real savings achieved will be available to the entity as an incentive for staff welfare.

All the guidelines are to be adhered to and applied without discretion or exception. All queries and requests for clarification are to be directed to the Liaison Officer for the Memorandum of Understanding in the Ministry of Finance and Planning.



Robert Martin  
For Financial Secretary