

Circular No. 2

Ref. No. 59/33¹

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

March 1, 2004

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

Memorandum of Understanding – Wage and Employment Parameters

Your attention is drawn to the Memorandum of Understanding, which has been agreed between the Government of Jamaica and the Jamaica Confederation of Trade Unions.

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

A Monitoring Committee is being established to oversee the implementation of this Memorandum of Understanding.

With respect to employment, there will be a general policy of employment constraint in keeping with the Ministry of Finance and Planning's circular number 21, dated September 22, 2003.

During the period of restraint, there will be no separation of employment in the public sector except for justifiable dismissals, and through restructuring and mergers of entities as agreed.

Justifiable dismissals in the Civil Service means adhering to the provisions under the Public Service Regulations

Justifiable dismissals in Public Companies, and Statutory Bodies means adhering to the provisions of the Labour Relations Code or any such agreed procedure within the organisation.

All proposals for mergers and restructurings are to be brought to the prior attention of the Monitoring Committee through the Public Service Establishment Division of the Ministry of Finance & Planning.

As far as is possible, organisations should observe the provisions of the Labour Relations Code or any such agreed grievance procedure in resolving conflicts that may occur.

With respect to increases in wages and wage negotiations in the public sector for the period April 1, 2004 to March 31, 2006, the guidelines are as listed below:

- (i) There will be a general policy of wage restraint
- (ii) The policy of restraint will apply to all remuneration under contracts of employment for any kind of work to be performed in the public sector of Jamaica save and except for those instances where increases are arrived at through promotion and increments.
- (iii) The policy of 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.
- (iv) During the period of restraint, sessional payments and emergency duty allowances will be paid only when the officer is physically on duty. This does not include the on-call allowance paid in the Health Sector.
- (v) Wage contracts to come into effect during the period April 1, 2002 – March 31, 2004 and for which there have not yet been any arrangements are to be settled strictly within a wage bill increase of 3%.
- (vi) Wage contracts to come into effect during the period April 1, 2003 – March 31, 2005 are to be settled strictly within a wage bill increase of 3% for the period April 1, 2003 – March 31, 2004 except where offers above three (3) percent are on the table, the current offers on the table are deemed to be the final offers and the contracts will be concluded on that basis.

This means that the increase will only be applicable for one year out of the two-year period 2003 – 2005. Consequently, there will be no increase for the period April 1, 2004 to March 31, 2005. Please note that there must be no increase for wage contracts covering the period April 1, 2004 – March 31, 2006.

- (vii) Wage contracts to come into effect during the period April 1, 2002 – March 31, 2004 and for which offers in excess of (iv) above are on the table, the current offers on the table are deemed to be the final offers and the contracts will be concluded on that basis.

- (viii) New rates due for the same period 2002/2004 will be scheduled for payment in fiscal year 2004/2005 in accordance with the Government's cash flow situation whilst retroactive payments will be made in fiscal year 2005/2006 except where a payment schedule has already been committed.
- (ix) For those groups with a current contract that extends into fiscal year 2004/2005, further implementation of that contract to be delayed until 2006.
- (x) During the period of restraint, there will be **NO** reclassifications. Any requests for special cases are to be submitted to the Monitoring Committee through the Public Service Establishment Division of the Ministry of Finance & Planning.

All the guidelines are to be adhered to and applied without discretion or exception. All queries and clarification are to be directed to the Public Service Establishment Division of the Ministry of Finance and Planning. The full text of the Memorandum of Understanding may be viewed at the Ministry of Finance and Planning's website at the following address <http://www.mof.gov.jm/news/docs/MOUwages0402.pdf>.

The contents of this circular supersede all other instructions that have been issued concerning wages projections for the fiscal years 2004/2005 and 2005/2006.

Please ensure that this circular is brought to the attention of all relevant entities and personnel.



Shirley Tyndall
Financial Secretary