

Memorandum of Understanding for
The Public Sector

Recognising that the Memorandum of Understanding arrived at on the 16th day of February, 2004 between the Government of Jamaica (GOJ) on the one hand and The Jamaica Confederation of Trade Unions (JCTU) on the other hand, expires on March 31, 2006, the PARTIES hereafter referred to as “The PARTNERS” are desirous of continuing the process of Social Dialogue.

The PARTNERS recognize the need to continue on a course of co-operation in seeking to achieve the common objective, that of the development of the Public Sector and the need to develop and maintain among themselves a satisfactory level of trust and confidence;

The PARTNERS recognize and acknowledge that the last Agreement resulted in modest improvements in some areas and that the need remains for greater focus in other areas to achieve the desired objectives. In light of the fact that the country continues to face

- A High level of public debt to gross domestic product (GDP) ratio
- A Fiscal Deficit
- The need for Economic Growth and
- The need for greater Employment Creation and income generating opportunities,

the PARTNERS further recognizing and acknowledging that these trends create a path that is undesirable for National Development therefore agree that in the National Interest it is imperative that all sectors should cooperate to continue to correct the situation. Consequently, the PARTNERS agree that the Government (GOJ) will in good faith continue to pursue the appropriate macro-economic policies, which provide a stable economic environment and encourage GDP growth and employment creation.

1. In recognition of the foregoing the PARTNERS
 - (i) Acknowledge that peaceful and harmonious labour-management relations contribute to growth and development in the National Economy and the Public Sector and that these relations must be characterised by conformity to good industrial relations practices.
 - (ii) Recognise that such relationships emanate from the acceptance that bi-partisan agreement is an effective strategy through which this commitment to growth and development may be realised.

- (iii) Affirm that sound industrial relations be maintained by a commitment to the principles expressed in this Memorandum of Understanding and the principles laid down in the
- International Labour Organisation's Convention No. 87 (Freedom of Association and the Right to Organise)
 - International Labour Organisation's Convention No. 98 (The Right to Organise and to Collective Bargaining), and
 - International Labour Organisation Documents relating to Tripartism and Social Dialogue; and the
 - Labour Relations Code of Jamaica.

2. The PARTNERS agree to the following general principles underpinning the Memorandum of Understanding for the Public Sector, which will form part of an overall strategy for the sustained economic growth as well as the development of the public sector in particular and the country in general:

- (i) A commitment of both PARTNERS to pursuing strategies designed to increase efficiency, while at the same time reducing the cost of the delivery of Public Services in keeping with the country's medium to long-term economic programme.
- (ii) A commitment of both PARTNERS to the continued development of a mechanism for collaboration and consensus building in the public sector through social dialogue.
- (iii) A commitment of both PARTNERS to the continued development of a framework for the practice of good industrial relations in the public sector.
- (iv) A commitment of both PARTNERS to a review of the Public Service regulations in light of the existing labour laws, the labour relations code and international best practices. This review will begin with the issue of the disciplinary rules governing temporary workers.
- (v) A commitment of both PARTNERS to work towards the continued improvement of the quality of the labour force through training, retraining and education and the maintenance of core labour standards in the public sector.
- (vi) An acceptance by both PARTNERS of the potential social and economic benefits to be derived from such a Memorandum of Understanding.

- (vii) An acceptance by both PARTNERS that the principle of voluntarism applied to the practice of industrial relations in the public sector, remains critical to the success of any endeavour

- (viii) The recognition of both PARTNERS that the cooperation of other sectors of society is material to enhancing the success of this Memorandum of Understanding. The PARTNERS also recognise that the restraint of prices among other things is one way to achieve this goal.

MONITORING COMMITTEE

3. The PARTNERS agree that the Monitoring/Evaluation Committee comprising of representatives from the Government of Jamaica and the Jamaica Confederation of Trade Unions, will continue to ensure that there is adherence to both the spirit and intent of this Memorandum of Understanding.

- (i) The Monitoring Committee will have ad-hoc sub-committees and all will be served by a secretariat to be located in the Ministry of Finance and Planning.

- (ii) The Monitoring Committee through its Secretariat will undertake a continuous programme of consultation and public education in furtherance of the aims of the Memorandum of Understanding.

4. In seeking to attain the objectives of this Memorandum of Understanding, the PARTNERS also agree to the following areas: Wages, Macroeconomic Management and the Development of the Public Sector.

5. WAGES

The PARTNERS agree that there will be managed growth of the Wages Bill in nominal terms through:

- (i) There will be a wage adjustment/revision based on the principle that the wage fund will not exceed 20% plus an agreed special provision of the GOJ defined wage bill over the two-year period 2006-2008, in the public sector.

- (ii) This policy will apply to all remuneration under contracts of employment for any kind of work to be performed in the public sector of Jamaica.

- (iii) The wages adjustment/revision 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) New rates due for the period 2006/2007 will be paid in June 2006. Any inability to meet this date is to be brought to the attention of the Monitoring Committee prior to the date of payment.
- (v) During this period, all reclassifications/re-engineering proposals are to be sent to the Monitoring Committee with the relevant justification.
- (vi) The Partners recognise that some Public Sector Entities will have the ability to pay in excess of clause 5(i). Such entities will be agreed on at the level of the Monitoring Committee and will be permitted to negotiate this excess subject to the approval of the Ministry of Finance and Planning.
- (vii) The agreed salaries and allowances are as set out in addenda to be circulated.

6. EMPLOYMENT

- (i) In keeping with the instructions/policy of the Office of the Services Commission (Public Service, Local Government, Judiciary, Teachers)/Boards, as far as is possible no officer should be acting in a clear vacancy for more than six months. The PARTNERS agree that during such period, an evaluation of the officer's performance should be carried out with a view to confirmation or otherwise. These Commissions/Boards will provide reports to the Monitoring Committee as requested.

Recognising that progress has been made in this area, the PARTNERS agree that there needs to be continued focus to ensure that the intent of the policy is adhered to.

- (ii) Where, persons have been employed or are acting in a clear vacancy for over six months, the PARTNERS agree that such persons are to be evaluated with a view to appointment within the first six months of the signing of this Memorandum of Understanding unless valid reasons exist why such persons should not be appointed.
- (iii) During the period the PARTNERS agree that any separation of employment in the public sector must be via justifiable disciplinary process, and through restructuring and mergers of entities. All proposals

for mergers and restructurings will be brought to the prior attention of the Monitoring Committee through the Secretariat.

- (iv) The PARTNERS agree that all acting arrangements and appointments as far as is possible, be subject to competition internally and if necessary externally.
- (iv) The PARTNERS agree to support the principle of filling jobs with employees rather than contractors. In addition, the practice of outsourcing jobs will be curtailed.

7. EXPENDITURE RESTRAINT

The PARTNERS agree that there will continue to be a general policy of expenditure restraint.

- (i) The PARTNERS agree that this policy is to include but will not be limited to the following areas:
 - Motor Vehicle Purchase (Make and Model)
 - Purchase of Office Equipment
 - Social Functions
 - Rental of Property
 - Foreign Travel
 - Utilities

Additionally, Ministries will be required to implement systems to monitor expenditure patterns and the use of assets to ensure that there is a reduction in the abuse of assets with the aim of reducing expenditure on these items.

To this end, the items are to be made line items in the budget and reported on quarterly. Copies of these reports are to be submitted through the Permanent Secretary/ Head of Department/Heads of Public Bodies and Agencies/Principal, signed by their respective internal auditors to the Ministry of Finance & Planning for validation in the required format.

- (ii) The PARTNERS agree that the Government through the Ministry of Finance and Planning will continue to issue the necessary policy advisories on expenditure restraint to the Ministries, Departments, Agencies and Public Bodies in respect of the agreement arrived at between the PARTNERS.

Having achieved the aforementioned, the PARTNERS commit to the consistent application of sanctions in accordance with the relevant regulatory authority at all levels as soon as breaches are confirmed.

8. COST SAVING MEASURES

The PARTNERS agree to a renewal of the thrust to focus on the Cost Saving Measures and that the Government through the Ministry of Finance and Planning will re-define and re-circulate a Cost Savings policy with respect to the implementation of cost savings mechanisms to be adopted in the Public Sector.

- (i) Each agency is required to establish a Cost Saving Committee to effect general cost saving measures linked to the performance of strategic and corporate objectives inclusive of any measures peculiar to the respective agency. Each Committee is to submit through the Permanent Secretary/Head of Department/Chief Executive Officer/ Managing Director/Principal/Chairman quarterly reports validated by their respective internal auditors to the Ministry of Finance & Planning for certification before the submission of the analysis of the outcomes to the Monitoring Committee in the required format detailing the savings achieved.
- (ii) The PARTNERS agree that a proportion of the savings achieved will be available to the relevant entity as an incentive to be used for staff welfare.
- (iii) The PARTNERS reaffirm that there will be a continued examination of the existing procurement policy and practice to identify any areas of deficiency for correction.
- (iv) The PARTNERS recognise the efforts made towards the establishment of a National Energy Policy and urges that this be finalized as an integral component to undergird efforts to achieve sustainable economic development in the national interest going forward. Entities must cultivate and practice relevant conservation measures in keeping with the direction of the proposed policy, as driven by the Ministry of Commerce & Technology.

9. MACROECONOMIC MANAGEMENT

In response to the continued fiscal constraints, the PARTNERS agree that the Government will commit to pursuing complementary fiscal and monetary policies to maintain macro economic stability and accelerate real economic growth over the medium to long term.

Fiscal and Monetary

- (i) The PARTNERS agree that the Government will manage its economic policies in order to ensure that the **inflation rate** remains within the Government's targeted band as shown below.

	2006/07	2007/08
Real GDP Growth (%)	3 - 4	3 - 4
Inflation (%)	9 - 11	8 - 9
Fiscal Balance (% of GDP)	-2.5 - -3	-1 - 0

- (ii) The PARTNERS agree that the Government will implement Fiscal Policies in order to generate a **fiscal deficit** as detailed above.
- (iii) The PARTNERS recognise that the fiscal targets were not fully met during the previous period due, inter alia, to the external shocks to the economy from the rising price of oil and shocks associated with natural disasters. The Partners reaffirm their commitment that the Government will continue to pursue economic policies to deliver outcomes consistent with medium term targets as follows:
- (iv) The PARTNERS agree that the Government will redesign the basket of goods used to calculate the Consumer Price Index during the period of this agreement.
- (v) The PARTNERS also agree that the Government will commit to implement the requisite policy and administrative programmes aimed at increasing the rate of tax compliance in the country and thereby increase the revenue inflows to the Consolidated Fund.

The Government will pursue all avenues at its disposal including prosecution to ensure that the targeted level of tax compliance is achieved. Efforts to make the Tax Registration Number a single number of record will continue.

10. DEVELOPMENT OF THE PUBLIC SECTOR TO PRODUCE A MODERN, EFFICIENT SECTOR THAT IS OF THE OPTIMUM SIZE, PROPERLY EQUIPPED AND SUITABLY REWARDED.

The PARTNERS, recognising that a cohesive Human Resource Policy is critical in determining the size and purpose of the Public Service and the future Human Resource Management direction for the Public Service, agree that that function will reside in one Ministry therefore recommend that a Minister be appointed to oversee that function.

Training, Re-Training and Education

- (i) The PARTNERS agree that the government through the Cabinet Office will deliver to the PARTNERS within the first year of the Memorandum of Understanding; a training plan which will have as its focus the preparation of the Public Sector work force for the needs of a modern labour market.
- (ii) The PARTNERS agree that a programme of training will be developed and implemented in the following areas of Human Resource Management. The Cabinet Office will be responsible for:
 - Recruitment and Selection,
 - Pension and Welfare,
 - Discipline,
 - People Management and Supervisory Skills,
 - Human Relations and Communication Skills,
 The Public Service Establishment Division will be responsible for the delivery of training in Industrial Relations, Compensation Management and Pension and Welfare.
- (iii) The PARTNERS commit through the Public Service Establishment Division, to exploring and making the necessary contacts so that a process of cross training with the Private Sector and Public Sector Companies will be implemented during the period 2006 – 2007.
- (iv) The PARTNERS realising that this target was not met, agree that the Government through the Cabinet Office will examine and report back by August 31, 2006 to the PARTNERS the feasibility of an “exchange programme” between Ministries that would facilitate cross training in the public sector.
- (v) The PARTNERS are committed to the facilitation of training programmes aimed at realising the full staff complement at the Ministry of Health in respect of the Health Professionals and that the staffing structure of the Health Authorities will be finalised during the period.
- (vi) Recognising that the severe shortage of nurses continues, The PARTNERS agree that the Government through the Ministry of Health will continue to explore the possibility of partnering with other tertiary institutions to provide additional training facilities to those already provided by the University Hospital of the West Indies and the Kingston School of Nursing for an expanded training programme in Nursing

- (vii) The PARTNERS agree that the Government through the Ministry of Education, Youth and Culture will implement the training of Secondary School Principals in School Administration and carry out the needs assessment and necessary training for Vice Principals, Heads of Departments and Administrative Staff.
- (viii) The Ministry of Education will carry out a needs assessment of those schools most in need for Teachers to be trained in remedial and special education and to make plans for the implementation of training.
- (ix) The PARTNERS continue to commit to the facilitation of training programmes aimed at realising the full staff complement, development of the current staff at the Fire Services. The Partners acknowledge that 200 persons were trained in the last period.

The Partners acknowledge that 6000 public sector workers benefited from a skills training programme and commit to the extension of that training programme in the period 2006 - 2008 as agreed.

11. SPECIAL ITEMS

The Partners commit to within the first three months, exploring mechanisms that would facilitate an implementation of the following for the public sector:

- (i) **Tertiary Education Assistance Programme**
The PARTNERS agree that the Government will establish a revolving loan fund with an amount as agreed for the life of this contract
- (ii) **Shelter**
The PARTNERS agree to pursue possibilities to facilitate easier access to home acquisition for the Public Sector workers.

The Partners acknowledge these are not intended to replace facilities that already exist in the public sector.

12. APPLICATION

1. The PARTNERS agree that the provisions herein will apply to Central and Local Government and all other Government/Public entities, commissions, companies, corporations, institutions and statutory bodies subject to clause 5 (vi). Where a benefit is duplicated in a Public Sector entity the superior benefit will apply.

5/30/2006

2. Subject to clause 5 (vi) The PARTNERS agree that no group should be treated more favourably than the groups that are represented under this Memorandum of Understanding.

3. Those items that are peculiar to particular groups will be negotiated by the relevant bargaining agents within the wages policy.

13. The PARTNERS agree that the principle underlying the wage revision will also apply to all Cabinet Ministers, Ministers of State, Parliamentary Secretaries, Members of Parliament, Mayors and Councillors.

14. BREACHES

The PARTNERS agree that this Memorandum of Understanding will be deemed to have been breached if either PARTNER violates any of the provisions contained herein. Any breach will be reported to the Monitoring Committee, which will decide on an appropriate course of action.

15. EFFECTIVE DATE OF AGREEMENT

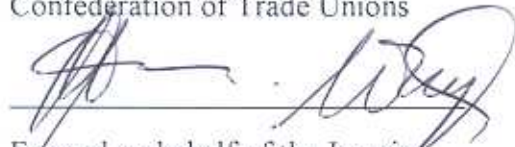
The effective date of this Agreement is April 1, 2006.



For and on behalf of the Jamaica Confederation of Trade Unions



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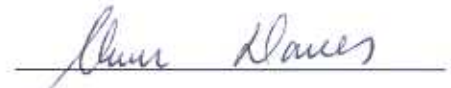
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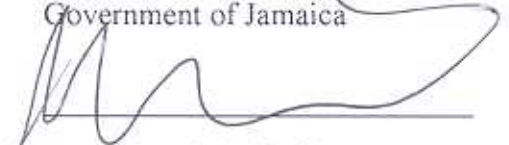
For and on behalf of the Government of Jamaica



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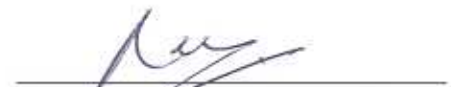
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