

## **Memorandum of Understanding for The Public Sector**

1. Recognising that the Memorandum of Understanding arrived at on the 30<sup>th</sup> of May, 2006 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 2008, the PARTIES hereafter referred to as “The PARTNERS” are desirous of continuing the process of Social Dialogue. This third Memorandum of Understanding signed on April 18, 2008, will come into effect on April 1, 2008 and expire March 31, 2010.
2. The PARTNERS in seeking to achieve the common objectives, of
  - a) the development of the Public Sector and
  - b) the need to develop and maintain among themselves a satisfactory level of trust and confidence;recognize and acknowledge the need to continue on the course of co-operation.
3. The PARTNERS recognize and acknowledge that the previous Agreements resulted in 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 higher levels of Economic Growth and
  - The need for greater Employment Creation and income generating opportunities.

The PARTNERS further recognize and acknowledge that in the National Interest it is imperative that all sectors cooperate to continue to propel the country on a path of sustained growth and development. 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.

4. 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 bipartisan agreement is an effective strategy through which this commitment to growth and development may be realised.

- (iii) Affirm that sound industrial relations practices 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 and Protocols relating to Tripartism and Social Dialogue; and the
  - Labour Relations Code of Jamaica.

5. 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 the PARTNERS to pursuing strategies designed to increase efficiency, while at the same time reducing the cost of the delivery of Public Services resulting in an increase in productivity gains that is in keeping with the country's medium to long-term economic programme.
- (ii) A commitment of the PARTNERS to the continued development of a mechanism for collaboration and consensus building in the Public Sector through social dialogue.
- (iii) A commitment of the PARTNERS to the continued development of a framework for the practice of good industrial relations in the Public Sector.
- (iv) A commitment of the 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.
- (v) An acceptance by the PARTNERS of the potential social and economic benefits to be derived from such a Memorandum of Understanding.
- (vi) An acceptance by the 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
- (vii) The recognition of the 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**

6. 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 permanent and ad-hoc sub-committees and all committees will be served by the secretariat located in the Ministry of Finance and Public Service.
- (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.

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

## **WAGES**

8. The PARTNERS agree that there will be managed growth of the Wages Bill as stated below.

- (i) For the Contract period 2008-2010 there will be a wage adjustment/revision in the public sector of 15% in year 1 and 7% in year 2.
- (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) The PARTNERS agree that where adjustments are made to correct true anomalies within the service, these will not be seen as wage increases within the context of the increases provided in 8(i).
- (v) New rates due for the period 2008/2009 will be paid by June 2008. Any inability to meet this date is to be brought to the attention of the Monitoring Committee prior to the date of payment.
- (vi) During this period, all job evaluations/reclassifications/re-engineering proposals are to be sent to the Post Operations Committee with the relevant justification. That Committee will report to the Monitoring and Evaluation Committee for appropriate action.
- (vii) The PARTNERS recognise that some Public Sector Entities will have the ability to pay in excess of clause 8(i). Where there is disagreement over the Ministry of Finance and the Public Service's determination of each entity's ability to pay, such disagreement will be referred to the Monitoring Committee. The Ministry of Finance

and the Public Service shall make the basis of its determination known to the Monitoring Committee.

- (viii) The agreed salaries and allowances are as set out in the relevant circulars.
- (ix) Those items that are peculiar to particular groups will be negotiated by the relevant bargaining agents within the Government of Jamaica's wages policy.
- (x) The PARTNERS recognize that there may be a need to review allowances, payments in kind, fringe benefits, and lump sums. This will be the subject of discussion by the Monitoring Committee, with a view to resolution within the first year of the agreement.

## **EMPLOYMENT**

9. Recognising that progress has been made in the area of appointments coming out of the previous Memoranda of Understanding, the PARTNERS agree that there needs to be continued focus to ensure that the intent of the policy is adhered to. Therefore:

- (i) In keeping with the instructions/policy of the Office of the Services Commissions (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 . However, 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 unless valid reasons exist why such persons should not be appointed.
- (ii) The PARTNERS agree that the Office of the Services Commissions and the Public Service Establishment Division will formulate the operating procedures governing the approval and conditions for acting assignments for presentation to the Monitoring and Evaluation Committee within the first six months of the signing of this agreement.
- (iii) The PARTNERS agree that within the first three months of the signing of this Memorandum of Understanding the Ministries/Departments with delegated authority are to provide the Office of the Services Commissions with a list of persons acting in clear vacancies for over six months and the reasons for their non-appointment. This report is to be submitted to the Monitoring Committee through the Secretariat.
- (iv) Within the first three months of the signing of this Memorandum of Understanding All Ministries and Departments are to bring to the attention of the Public Service Establishment Division of the Ministry of Finance and the Public Service all officers operating under redundant classification groupings e.g FAA, OPS/CR, GLS. The Public Service Establishment Division will take the appropriate action.
- (v) 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.
- (vi) The Partners agree that the review of posts and the establishment of new cadres in the Health Sector, which began in the preceding MOU, will be completed within the first year of this agreement. Once the cadres have been settled those persons who, for at

least five (5) years, have been employed on contract or temporarily engaged, will be appointed subject to exceptional circumstances.

- (vii) The PARTNERS agree that where persons are employed by contract in an established post and are in receipt of the commensurate salary scale, any conflict with the terms and conditions of access to certain benefits will be reconciled as far as possible.
- (viii) The PARTNERS agree that where there is contemplation of a restructuring/reorganization which may lead to separation of employment, there will be prior consultation among the PARTNERS in keeping with Part 3 Paragraph 11 and Part 4 paragraph 19 of the Labour Relations Code.
- (ix) The PARTNERS agree that Government will ensure that during occasions of lay-offs, redundancies and reorganisations persons with disabilities will be retained.
- (x) The PARTNERS agree that where an employee becomes disabled, efforts will be made to retrain and where necessary redeploy them into areas suitable to their particular capabilities instead of being declared medically unfit or incapable of functioning in a particular entity.

## **PRODUCTIVITY ENHANCEMENT**

10. The PARTNERS recognize that through increasing productivity, the sector will be optimally placed to deliver service more efficiently within the economic restraints. The PARTNERS further recognize that the successful management of the process of efficiently converting inputs into social capital is ultimately the key to the effectiveness of the Public Sector. This is a development goal for all public sector organizations. The PARTNERS therefore agree to, focus on expenditure restraint, cost savings, and information, communication technology (ICT) during this contract period and to place the discussion on public sector productivity at the forefront at all levels in the Public Sector.

### **10A. 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
  - UtilitiesIn this regard the Ministry of Finance and the Public Service will develop and circulate the Government's policy on Expenditure Restraint.
- (ii) Additionally, Ministries will be required to implement strategies to monitor expenditure patterns and the use of assets. This is 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.

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

#### **10B. 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 The Public Service will re-define and re-circulate a Cost Savings policy with respect to the operational mechanisms.

- (i) Each agency is required to establish a Cost Saving Committee to arrive at 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 and the Public Service 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 practices 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 under gird efforts to achieve sustainable economic development. Entities must continue to cultivate and practice relevant conservation measures in keeping with the direction of the proposed policy, as driven by the Ministry of Energy Mining & Telecommunications.

#### **10C. Information Communication Technology**

The PARTNERS acknowledge that one way of enhancing productivity is through the use of ICT. The PARTNERS therefore agree that all Ministries, Agencies And Departments, as well as para-statal bodies will examine the possibility of the implementation of ICT solutions geared towards increasing productivity and the level of access where necessary.

### **MACROECONOMIC MANAGEMENT**

11. 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 outcomes are consistent with the Government's targets as follows.

	2008/09	2009/10
Real GDP Growth (%)	3 – 3.5	3.5 - 4
Inflation (%)	8 - 10	6 - 8
Fiscal Balance (% of GDP)	-4.5	-2.5

- (ii) The PARTNERS recognise that the fiscal targets were not fully met during the previous period due, inter alia, to external shocks to the economy from natural disasters and the rising price of oil.
- (iii) The PARTNERS also agree that the Government will commit to implementing the requisite policy and administrative programmes aimed at increasing the rate of tax compliance in the country and thereby increasing the revenue inflows to the Consolidated Fund.
- (iv) The Government will pursue all avenues at its disposal including prosecution to ensure that the targeted level of tax compliance is achieved.

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

12. The PARTNERS, recognising that a cohesive Human Resource Policy is critical in determining the size, purpose and the future direction of the Public Sector agree that the Government will review any issue arising from the separation of the functions of the Public Service Portfolio.

### **12A. Training, Re-Training, Education and Benefits**

- (i) The PARTNERS agree that the Government, through the Public Service Establishment Division of the Ministry of Finance and the Public Service, will coordinate a training needs analysis within the first year of the Memorandum of Understanding; and develop 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 training programme for supervisors and managers in the following areas of Human Resource Management will be developed and implemented .
- Recruitment and Selection,
  - Discipline,
  - People Management and Supervisory Skills,
  - Human Relations and Communication Skills,
  - Industrial Relations
  - Compensation
  - Pension and Welfare

- Leave Administration

- (iii) The PARTNERS recognize that there are peculiarities within the Public Sector regarding working hours and conditions and as such a mechanism will be instituted to address the disparity in roles and conditions of work.
- (iv) 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 may be implemented during this contract period 2008 – 2010.
- (v) The PARTNERS agree that the Government through the Ministry of Finance and the Public Service will develop and implement a programme of cross training among Ministries, Agencies and Departments within this contract period 2008 – 2010.
- (vi) The PARTNERS are committed to the facilitation of training programmes aimed at realising the full staff complement at the Ministry of Health and Environment in respect of the Health Professionals. The PARTNERS further agree that the review of the structure and staffing of Health Authorities will be finalised within one year.
- (vii) Recognising that the severe shortage of nurses continues, The PARTNERS agree that the Government through the Ministry of Health and Environment will continue to explore retention strategies including 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 University of Technology formerly Kingston School of Nursing for an expanded training programme in Nursing.
- (viii) The PARTNERS agree that the Government through the Ministry of Education 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.
- (ix) The PARTNERS agree that the Ministry of Education will carry out a needs assessment for Special Education and Remedial Teachers and make plans for the implementation of training to close the needs gap.
- (x) The PARTNERS agree that a review of the job responsibilities of Bursars and other administrative staff in public education institutions will be undertaken to ensure that those responsibilities are fully recognized.
- (xi) The PARTNERS continue to commit to the facilitation of training programmes aimed at realising the full staff complement and development of the current staff at the Jamaica Fire Brigade and acknowledge that this would be easier facilitated through a training facility operated by the Jamaica Fire Brigade. The PARTNERS commit to taking all possible steps to ensuring the realization of this during this contract period.
- (xii) The PARTNERS acknowledge that during the previous Memoranda of Understanding spanning the period 2004 – 2008, approximately 8,000 public sector



workers benefited from a skills training programme and therefore commit to the continuation of that training programme in this contract period 2008 – 2010.

## **12B. CONDITIONS OF SERVICE**

- (i) The PARTNERS agree to continue to review of the Public Service Regulations (1961) and Staff Orders (2004) in light of the existing labour laws, the labour relations code and international best practices. Priority will be given to the issue of the disciplinary rules governing temporary workers
- (ii) In light of the concerns raised by the workers the PARTNERS agree to review the existing Leave regulations in the Public Sector.
- (iii) The PARTNERS agree to begin discussions on the process of Pension Reform in the Public Sector to include the issue of persons who have been employed temporarily for an extended period that is continuous.
- (iv) The current arrangements for processing Pension benefits will be reviewed with a view to ensuring that payments begin within four (4) months of any officer's retirement.
- (v) In light of the concerns raised by the workers the PARTNERS agree to a review of the Family Benefits Scheme with a view to arriving at a common position.

## **12.C. SPECIAL ITEMS**

- (i) **Tertiary Education Assistance Programme (TEAP)**  
The PARTNERS agree that the Government will maintain the TEAP revolving loan fund to assist employees to pursue tertiary education
- (ii) **Shelter**  
The PARTNERS will continue to examine all options to facilitate easier access to home ownership by Public Sector Employees.
- (iii) **Other Items**  
The PARTNERS agree to continue discussions on the following items:
  - (a) Litigation Fund
  - (b) Life Insurance
  - (c) Student's Loan Repayment/Other Loan Repayment

The PARTNERS acknowledge that these Special Items are not intended to replace facilities that already exist in the sector.

## **APPLICATION**

- 13. The Partners agree to the following applications:
  - (i) 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.
  - (ii) Where a benefit is duplicated in a Public Sector entity the superior benefit will apply.

- (iii) Subject to clause 8 (vii) The PARTNERS agree that no group should be treated more favourably than the groups that are represented under this Memorandum of Understanding.
- (iv) The wage parameters as stated in this Memorandum of Understanding will also apply to all Cabinet Ministers, Ministers of State, Parliamentary Secretaries, Members of Parliament, Mayors and Councillors.

**BREACHES**

14. 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.