

HEADS OF AGREEMENT

for the

CONTRACT PERIOD 2012-2015

concluded between

THE GOVERNMENT OF JAMAICA

on the one hand

And

**THE JAMAICA CONFEDERATION OF TRADE UNIONS
AND OTHER UNIONS AND STAFF ASSOCIATIONS
REPRESENTING PUBLIC SECTOR WORKERS**

on the other hand

signed on

***Thursday, 6th day of March 2013, at the
Office of the Prime Minister
Jamaica House***

HEADS OF AGREEMENT FOR THE CONTRACT PERIOD 2012-2015 SIGNED BETWEEN THE GOVERNMENT OF JAMAICA ON THE ONE HAND, THE JAMAICA CONFEDERATION OF TRADE UNIONS AND OTHER UNIONS AND STAFF ASSOCIATIONS REPRESENTING PUBLIC SECTOR WORKERS ON THE OTHER HAND, SIGNED MARCH 6, 2013.

1. We the undersigned PARTIES hereafter referred to as “The PARTNERS” do recognize and acknowledge that current trends in the economy have created a path that is undesirable for national development. These trends include:-
 - 1.1. **A high and unsustainable Public Debt to Gross Domestic Product (GDP) ratio** which now stands at 140%, with debt servicing consuming over 50% of the national budgetary expenditure each year.
 - 1.2. **A large and persistent fiscal deficit:** despite the containment in Central Government expenditure necessitated by the shortfall in revenues the fiscal deficit remains large. This situation is unsustainable as the government is forced into increased borrowing to finance the fiscal gap. This additional borrowing raises the total debt stock and places an upward pressure on interest rates.
 - 1.3. **Protracted low economic growth:** the economy has grown by an annual average of 1.7% since independence (1962-2011) characterized by spurts and stops through the period as a result of the several international and domestic shocks and unstable macroeconomic environment as well as other constraints to growth (crime, energy cost, cost of capital and rigidities in the business environment)
 - 1.4. **Low employment creation:** despite a moderation in the un-employment rate which stood at 14.1% in December 2011 the number of persons employed was approximately 80,000 lower than the level at October 2008 (pre crisis). The Government of Jamaica (GOJ) is committed to implementing growth strategies which will generate decent jobs in competitive industries.
2. It is within this frame work that the PARTNERS agree that it is imperative that in the national interest all sectors should cooperate to correct this negative economic state of Jamaica and will in good faith pursue appropriate macroeconomic policies that will result in the following:
 - 2.1. **Positive and sustained GDP Growth:** projections are that the country will begin to record GDP growth in excess of 2.0% by 2016. This is predicated on the commitment to implement supporting growth strategies during the medium term in two phases. This strategy is the basis of the current Medium Term Economic Programme. The GOJ commits to provide the PARTNERS with

the specific agreements and policies supporting this growth strategy including specific benchmarks.

2.2. **Stable inflation**

2.2.1. The GOJ intends to gradually reduce inflation to within a range of 9% to 7%. In furtherance of this the monetary authority (Bank of Jamaica) is committed to using appropriate strategies to minimize the impact on prices and any shocks in the economy.

2.2.2. If inflation exceeds the amounts targeted in each year of the Government's Medium Term Economic Programme by more than 2%, a review of this agreement will be triggered.

2.3. **Sustained Deficit Reduction:** the target is to achieve a balanced budget by 2015/16 built on a primary surplus of 7.5% of GDP.

2.4. **Increased Social Protection and Equity:** The GOJ is committed to protecting the most vulnerable through its social protection policy/programmes. The GOJ is committed to the floor of 3% of GDP for social protection to the most vulnerable including Government Pensioners.

The PARTNERS also agree to the following:

2.4.1. Passing of the Occupational Safety and Health Act (OSHA) within the parliamentary year 2013/14.

2.4.2. To continue the discussion regarding the implementation of the National Unemployment Insurance Policy.

2.4.3. To develop and implement a National Productivity Policy.

The GOJ further commits to a policy framework for social protection built around a comprehensive strategy which seeks to reduce the dependence on welfare and expand the capacity of vulnerable groups for self reliance and creating opportunities to engage in sustainable livelihoods.

2.5. **Burden Sharing Across Sectors and Groups:** The PARTNERS agree that the economic burden caused by the adjustment must be shared across the society; private and public sector, These include:

- a. Wage restraint in the Public Sector
- b. Price Restraint
- c. Tax Reform
- d. National Debt Exchange
- e. Improved Tax Compliance.

3. The PARTNERS further agree that the best method of accomplishing the above is through the consolidation of a National Social Partnership. This includes a commitment to work with the private sector on development projects, thus creating employment opportunities.

4. **TERMS OF THE AGREEMENT:**

4.1. EXPENDITURE RESTRAINT

The PARTNERS will intensify the general policy of expenditure restraint through the establishment of expenditure oversight committees. To effect this, the PARTNERS also 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 and refurbishment of offices*
- Consultants and Advisors*
- Social Functions*
- Rental of Property*
- Foreign Travel*
- Utilities (including the investment in alternative energy)*

Additionally, Ministries Departments and Agencies (MDA's) 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 aimed at reducing expenditure and waste on these Items.

4.2. WAGES

4.2.1. This Agreement will be for a period of three (3) fiscal years 2012-2015. Wages for the period will be settled in keeping with the promulgated wage ceiling of the government i.e. a wage to Nominal GDP ratio of 9% by March 2016. The PARTNERS also agree that in fiscal year 2015 we will revert to the 2 year negotiating cycle.

4.2.2. During this period of restraint there will be no increase in wages save and except where increases are arrived at through:

- (a) Promotion*
- (b) Increments and*
- (c) Reclassification exercises agreed prior to the period of this Agreement.*

Where equity or law demands that an adjustment be made, this should be considered within the context of the agreed wage parameters of 9% of GDP

4.2.3. The above will apply to all remuneration under contracts of employment for any kind of work to be performed in the Public Sector of Jamaica

- 4.2.4. Where circumstances indicate the need for the conduct of reclassification exercises, these should be considered by the Public Sector Monitoring Committee (PSMC), within the context of the agreed wage parameters of 9% of Nominal GDP.
- 4.2.5. In furtherance of 4.2.2 (c) above, it is hereby agreed that the Pay Plan allied to the Health Sector Reclassification exercise will be implemented over three (3) years commencing April 1, 2013,
- 4.2.6. That the results of the Relativity Study for the Jamaica Fire Brigade and the Correctional Services will be effective April 1, 2013, with implementation to be done over two (2) years commencing January 1, 2014.

4.3. INCREMENTS TO TEMPORARY WORKERS AND OTHER PUBLIC SECTOR ENTITIES WITHOUT AN INCREMENTAL SCALE

- 4.3.1. For the period of this contract the PARTNERS agree that temporary workers who are employed for 2 years and above will be eligible for increments consequent on satisfactory performance evaluation.
- 4.3.2. Entities without incremental pay scales will also be eligible for the payment of annual increment for the period of this Agreement in consultation with the Ministry of Finance and Planning.
- 4.3.3. The PARTNERS agree to discuss and ratify the payment of increments to contract workers for the period of this Agreement.

4.4. ONE OFF PAYMENT

- 4.4.1. A one off payment of \$25,000 per annum payable in August of each year of the contract to all employees in the Central and Local Government and other Public Sector Entities.
- 4.4.2. The PARTNERS agree to pro-rating the one off payment to Part-Time workers as approved by the Ministry of Finance and Planning.

4.5. WAIVER OF AUXILIARY FEES IN SECONDARY SCHOOL

Government of Jamaica is prepared to continue discussion on this item.

4.6. DISCOUNTED GOODS AND SERVICES

- 4.6.1. The Government of Jamaica will collaborate with the Private Sector Organizations in an effort to expand the provision of discounted goods and services to Public Sector Workers.

4.6.2. Government will examine the possibilities of discounts on rates and fees such as License and Fitness for Government travelling officers during this period of restraint.

4.7. TERTIARY SCHOLARSHIPS

\$10M per annum to be provided for Scholarships to Children of Public Sector workers. The modalities are to be determined between the Ministry of Finance and Planning and the JCTU.

4.8. PROFESSIONAL AND SKILLS TRAINING

\$20M will be provided for a refocused Skills training programme and further expansion to include professional training.

4.9. VOLUNTARY SEPARATION

The PARTNERS agree to continue discussion on a programme of voluntary separation.

4.10. EMPLOYMENT

Recognising that progress continues to be made in the area of appointments coming out of 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:

4.10.1. 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.

4.10.2. The PARTNERS agree that consideration will be given to appoint and make pensionable persons who have been temporarily employed for 10 years and over and are within 5 years or less of retirement.

4.10.3. Discussions will continue on the classification of Postal Agents with a view of them being recognized as bona-fide employees, eligible to receive benefits and entitlements that accrue to similarly classified employees in the Public Sector.

4.10.4. The PARTNERS agree further, that during the period of restraint, minimum employment standards will be developed to be observed by

all Public Sector entities, regardless of whether the posts are provided in the Civil Service Establishment Order.

4.11. PENSION REFORM

The programme for the reform of Public Sector pensions to continue with a targeted implementation date of April 1, 2016.

4.12. RETIREMENT INCREMENTS

The PARTNERS agree that since pension payments are calculated on the last salary and whereas there will be no increase over the period of wage restraint, the Government will examine the proposal for an additional increment to be applied to the base salary used to calculate pension payment consistent with previous Agreement.

4.13. TERTIARY LOAN

Consideration will be given for the increase of this fund to \$750M and that the interest rate be reduced to 3% with effect from April 1, 2013, during the period of restraint.

4.14. GOJ LOANS TO STAFF

That interest on all loans to staff in the Public Sector should be no higher than 3% over the period of the restraint. The decision to decentralize loans will be examined with a view to reducing inequities in the system and establishing minimum standards.

4.15. TRANSPORT ALLOWANCE (MILEAGE)

4.15.1. An increase in mileage allowance from \$30 to \$35 with effect from April 1, 2013 and a further increase to \$40 with effect from August 1, 2013.

4.15.2. Commensurate increase will be given to Public Sector entities in consultation with the Ministry of Finance and Planning.

4.15.3. These views will be reviewed within one year of the signing of this Agreement

4.16. COST SAVINGS

The PARTNERS agree to the reactivation of the cost savings schemes implemented under previous MOUs.

4.17. PRODUCTIVITY ENHANCEMENT SCHEME

Productivity Enhancement Schemes will be established in collaboration with the JCTU and the National Productivity Centre, as part of the effort to

develop the Public Sector as a modern efficient sector that is of the optimum size, properly equipped and suitably rewarded.

4.18. HOUSING/LAND

4.18.1. Government will provide assistance to the JCSA/JCTU to fully develop the various tracts of land transferred to the JCSA/JCTU for the purpose of providing housing for public sector workers covered by this Agreement.

4.18.2. Consideration will be given to make Lands available to public sector workers for agricultural pursuit

4.19. COLLECTIVE BARGAINING

4.19.1. That the principle of voluntarism applied to the practice of industrial Relations in the public sector remains critical to the success of any endeavour and that the government affirms its commitment to the principles of free collective bargaining during this and all succeeding periods.

4.19.2. The PARTNERS agree that during the period of wage restraint a study of Public Sector salaries will take place within the context of the Master Rationalization Plan and a modern and efficient public service.

4.19.3. The PARTNERS agree that a settlement with any other public sector group/organization that is more favourable than the terms of this Agreement constitutes a breach and will render this Agreement null and void.

4.19.4. The PARTNERS agree that there will be no redundancies/separations in the public sector during the life of this Agreement except as a result of the implementation of the Master Rationalization Plan accepted by Parliament or as a result of natural attrition or voluntary separation as per contractual agreement. All separation outside of natural attrition or voluntary separation should be forwarded to the Public Sector Monitoring Committee for final approval prior to implementation.

4.19.5. The PARTNERS agree that where divestment of government asset is contemplated a minimum of 10% of the value of the shares must be reserved for the workers of the entity and other public sector workers or total control by workers in an ESOP arrangement.

- 4.19.6. The PARTNERS agree further that Unions representing workers in divested entities will retain bargaining rights
- 4.19.7. The PARTNERS agree that Government will make the necessary changes to the Public Service Regulation that for disciplinary purposes Temporary Workers will not be separated without a hearing
- 4.19.8. The PARTNERS agree that all agreements reached in previous Memoranda of Understanding remain applicable except in cases where amendments have been made to some specific items.
- 4.19.9. The PARTNERS agree that discussions will continue on items that are peculiar to individual bargaining units
- 4.19.10. As our commitment to the process of dialogue, the PARTNERS agree that during the life of this Agreement any concerns raised regarding the welfare of Public Sector workers will be accommodated at the level of the PSMC.
- 4.19.11. The PARTNERS agree that any discrepancy that might arise from this Agreement will be resolved within sixty (60) days of this Agreement.

4.20. BREACHES

The PARTNERS agree that this Agreement will be deemed to have been breached if either PARTNER or its agents (Heads of Ministries, Agencies and Departments) violates any of the provisions contained herein. Any breach will be reported to the Public Sector Monitoring Committee which will decide on an appropriate course of action.