

Heads of Agreement

Concluded between

***The Government of
Jamaica***

And the

***Jamaica Confederation of
Trade Unions***

For the Contract Period

April 1, 2017 to March 31, 2021

February 13, 2018

HEADS OF AGREEMENT CONCLUDED BETWEEN THE MINISTRY OF FINANCE AND THE PUBLIC SERVICE AND THE JAMAICA CONFEDERATION OF TRADE UNIONS (JCTU) ON BEHALF OF MEMBER UNIONS REPRESENTING CERTAIN ANNUALLY, WEEKLY, DAILY AND HOURLY PAID WORKERS IN THE PUBLIC SERVICE FOR THE CONTRACT PERIOD APRIL 1, 2017 TO MARCH 31, 2021 SIGNED ON FEBRUARY 13, 2018

1. We the undersigned PARTIES hereafter referred to as “**The PARTNERS**” do recognize and acknowledge that significant progress has been made by the Government of Jamaica (GOJ) in improving the state of the economy since the 2015-2017 Heads of Agreement was signed on August 11, 2015. This is evidenced by, *inter alia*:
 - 1.1. The GOJ honouring its commitment to maintain inflation to within a range of 4% to 6%.
 - 1.2. A notable reduction in the current account (of the balance of payment) deficit from 8.7% of Gross Domestic Product in 2013/2014 to 3.0% in 2016/17;
 - 1.3. The commitment to eliminate the fiscal deficit and reduce the debt ratio by maintaining a primary surplus of 7.0%;
 - 1.4. The decline in the unemployment rate from 14.2% in October 2014 to 10.3% in October 2017 with the unemployed labour force declining by 33,700 persons over the October 2016 to October 2017 period;
 - 1.5. The GOJ honouring its commitment not to undertake job cuts in the public sector except as may arise from the process of public sector modernization and transformation;
 - 1.6. The GOJ honouring its commitment to maintain a protected floor on social spending. During FY 2015/16 and FY 2016/17, the floor on social spending was budgeted at \$23.2 billion and \$24.3 billion, respectively whereas actual spending on the programmes captured within the floor amounted in these years to \$26.1 billion and \$27.8 billion, respectively.

2. **The PARTNERS** also acknowledge that progress has been made during the country’s period of adjustment to provide support to the most vulnerable in society through:
 - 2.1. The increase of the payments made to PATH programme beneficiaries;
 - 2.2. Ensuring that government pensioners continue to receive an increase in their pension benefits;
 - 2.3. The agreed revision of the timeline to comply with the promulgated wage ceiling of the GOJ of a wage to Nominal Gross Domestic Product (GDP) ratio of 9% in Fiscal Year 2015/2016 to Fiscal Year 2018/2019;
 - 2.4. The increase in both the National Minimum Wage and the Minimum Wage for Industrial Security Guards; and
 - 2.5. The reduction in the effective rate of personal income tax by raising the tax free portion of income received.

3. **The PARTNERS** have taken note of the transformation efforts of the GOJ toward Labour Market Reform with:
- 3.1. The enactment of flexi-work legislation, after many years of consultation; and
 - 3.2. The establishment of a Labour Market Reform Commission comprised of representatives from the trade unions, employers, academia and the public sector.
4. **The PARTNERS** agree that it remains imperative that, in the national interest, all sectors must remain committed to the continued improvement in the state of the Jamaican economy.
- 4.1. Positive and sustained GDP Growth: while the economy has returned to growth, higher levels are required to spur employment, improve government revenues and support the country's level of expenditure to improve the infrastructure outlay. Current projections are that the country will begin to record real GDP growth in excess of 1.5% by 2020.
 - 4.2. The GOJ is committed to maintaining inflation within a range of 4% to 6% by using appropriate strategies to minimize the impact on prices and possible shocks in the economy. As was agreed in Heads of Agreement 2012-2015, if inflation exceeds the amounts targeted in each year of the Government's Medium Term Economic Programme, a review of this agreement will be triggered.
 - 4.3. The Government's Medium Term Economic Programme is geared towards eliminating the deficit which is supported by a primary surplus of 7.0% of GDP. The GOJ remains committed to maintaining this commitment during the term of this agreement.

5. **OUTSTANDING AND CONTINUING ITEMS FROM THE 2015-2017 HEADS OF AGREEMENT**

That the Government of Jamaica continues to engage the JCTU in order to settle the undermentioned outstanding items from the Heads of Agreement for the 2015-2017 contract period:-

5.1. **Discount of Auxiliary Fees in Secondary Schools**

The PARTNERS agree that the Government of Jamaica through the Ministry of Education, Youth and Information will issue directives to Public Secondary Schools for the children of Public Sector workers to be exempt from any Parent Contributions with effect from April 1, 2018.

5.2. **Pension Reform**

The Pensions (Public Service) Act was passed in the Houses of Parliament and assented by the Governor General on October 23, 2017. **THE PARTNERS AGREE** that The Act will become effective on a day to be appointed by the Minister by Notice published in the

Gazette. **The PARTNERS** agree that the Regulations to the Act will be finalized after consultations with the unions through a working group established for that purpose.

5.3. Retirement Increments (Increments for Retired Employees 2012-2015)

The PARTNERS agree that further consultation is required. The JCTU is to be invited to join in the discussions on this matter within three (3) months of the signing of this agreement.

5.4. Protective Clothing and Devices

Ministries, Departments and Agencies (MDAs) are required to provide the relevant protective gears/clothing on a replacement basis as outlined in Circular No. 21 Ref. No. C11300VIII, dated September 28, 2009. **The PARTNERS** agree that The JCTU is to provide a list of entities that are in breach of the policy.

5.5. Healthy Lifestyle

The PARTNERS agree that the Ministry of Health will continue to enhance the promotion of a health and wellness lifestyle programme across the public sector, and the country as a whole. Details of this programme are to be determined within three (3) months of the signing of this agreement.

5.6. Compensation Review

- a. **The PARTNERS** agree that the JCTU will be represented on the Steering Committee and any Working groups for the advancement and completion of this exercise.
- b. **The PARTNERS** agree that the results of the compensation review will be used to establish equity in the compensation system across groups in the Public Sector and between the public and private sectors.

5.7. Permanent Status of Postal Agent

The PARTNERS agree that a collective approach will be taken to resolve this outstanding item, and that all relevant parties will be called to meeting at the 1st reconvening of the Public Sector Monitoring Committee (PSMC) with a view to settle the matter of Postal Agents once and for all.

5.8. Elimination of Contract Employment

THE PARTNERS AGREE that the matter will be escalated to the level of the Cabinet for clear directives to be issued to all MDAs and Statutory Bodies and Corporations in keeping with agreement in MOU 1 "that the Government supports the principle of filling jobs with employees and not contractors". Such directives to be issued within the first three (3) months of the start of the contract period (i.e. by the end of June 2018)

5.9. Review & Expansion of The Miscellaneous Loan Fund

- a. **The PARTNERS** agree to the injection of additional funds and a redesign of the current scheme to accommodate different loan purposes. The Accountant General's Department is to be invited to participate in the discussions for the

establishment of the Fund. Revised terms of the fund are to be determined within three (3) months of the signing of the contract.

- b. **The PARTNERS** agree further that entities not paid from the Consolidated Fund will be given approval to operate similar schemes.

5.10. Housing & Land

- a. **The PARTNERS** agree that the Lands Committee will continue the process of developing a programme whereby assistance will be provided by Government Agencies and Departments with the requisite skills and capabilities to develop the infrastructure on plots of land now held by the JCTU on behalf of Public Sector workers with a view of reducing significantly the cost of housing solutions.
- b. **The PARTNERS** also agree to continue to work together to identify additional suitable tracts of lands for the development of housing solutions.

5.11. Voluntary Separation

The PARTNERS agree that discussions are to continue on a Voluntary Separation Programme. However, a Special Early Retirement Programme (SERP) has been implemented in the Public Service to target workers between the ages of 50 -59 years.

5.12. Compassionate Leave

The PARTNERS agree that Compassionate Leave is to be discussed at the Absence Management Committee of the PSMC.

5.13. Paternity Leave

The PARTNERS agree that the Paternity Leave is to be discussed at the Absence Management Committee of the PSMC.

5.14. Independent and/or Private Work

The PARTNERS agree that discussions are to be held at the level of the PSMC.

5.15. Permanent Status

The PARTNERS agree that discussions are to be held at the level of the PSMC.

5.16. No separation without dialogue with Trade Union Representatives

The PARTNERS agree that the Management of Entities and Trade Unions are to engage in consultation with Trade Unions regarding any separation of employees, any action inconsistent with this principle will be rendered null and void.

5.17. JUTC Subsidized fares

The PARTNERS agree that this matter will be escalated to the level of the Prime Minister and the Cabinet for clear directives to be given to ensure finalization by the end of June 2018. The partners agree further that the service will be

extended to the Lucea-Montego Bay-Falmouth and the Old Harbour-May Pen-Mandeville corridors during this contract period.

6. CURRENT ITEMS OF CLAIM

6.1. WAGES

The PARTNERS agree for the implementation of an extended wage cycle of four (4) years. The Partners also agree for an increase in Salary at the rate of 5, 2, 4 and 5% respectively across the four years as reflected in the attached Schedule.

6.2. OCCUPATIONAL HEALTH & SAFETY

The PARTNERS agree that the Occupational Health & Safety Bill will be given priority by the Government and will be passed in the 2018/2019 Legislative year.

6.3. TAILORING ALLOWANCE

- a. **The PARTNERS** agree that the existing rates will continue in the 2017/2021 contract period pending the outcome of the next phase of the compensation review.
- b. The partners agree that employees classified in the Health Support Sub Group, who are required to be uniformed and who work in Infirmaries and the Golden Age Home will be provided with uniform material, similar to their counterparts in the Health Sector.

6.4. SEVERANCE PAYMENT TO NON-PENSIONABLE EMPLOYEES

- a. **The PARTNERS** agree that the Government will conduct a review of the Government Employees (Compassionate Gratuities) Resolution during the contract period 2017/2021, this review will be conducted in consultation with the JCTU. However, existing arrangements, as stated below will remain in place pending the outcome of said review.

Employees with:

- i. **2 - 4 years of service**
Two (2) weeks pay for each completed year of service.
- ii. **5 - 9 years of service**
Two (2) weeks pay for each completed year of service.
- iii. **10 years and over**
Four (4) weeks pay for each completed year of service.
- iv. **Payment in lieu of Notice**
Existing arrangement to continue, that is weekly paid employees who are terminated are given two (2) weeks' notice or pay in lieu thereof; annually paid employees normally receive four (4) weeks' notice or pay in lieu thereof.

b. Gratuity for Relief Watchmen and all other eligible employees

The PARTNERS agree that to qualify for gratuity, Relief Watchmen and other eligible employees are required to work 156 days for each year of service two (2) years and over.

6.5. DISCOMFORT ALLOWANCE

The PARTNERS agree that the existing arrangement is to continue that is \$100 per day for the contract period 2017/2021 pending the outcome of the next phase of the compensation review.

6.6. SUPPER/MEAL ALLOWANCE

To be increased from \$700 per occasion as follows:

- i. \$735 per occasion with effect from April 1, 2017
- ii. \$750 per occasion with effect from April 1, 2018
- iii. \$780 per occasion with effect from April 1, 2019
- iv. \$820 per occasion with effect from April 1, 2020

6.7. SPECIAL DUTY ALLOWANCE

The PARTNERS agree that the existing arrangement is to continue, that is \$1,500 per occasion for the contract period 2017/2021 pending the outcome of the next phase of the compensation review.

6.8. TAXI ALLOWANCE

a. Round Town

To be increased from \$700 per occasion as follows:

- i. \$735 per occasion with effect from April 1, 2017
- ii. \$750 per occasion with effect from April 1, 2018
- iii. \$780 per occasion with effect from April 1, 2019
- iv. \$820 per occasion with effect from April 1, 2020

b. Out of Town

To be increased from \$1,200 per occasion as follows:

- i. \$1260 per occasion with effect from April 1, 2017
- ii. \$1285 per occasion with effect from April 1, 2018
- iii. \$1335 per occasion with effect from April 1, 2019
- iv. \$1405 per occasion with effect from April 1, 2020

6.9. SUBSISTENCE ALLOWANCE

To be increased from \$2,500 per 24 hour period as follows:

- i. \$2625 per 24 hour with effect from April 1, 2017
- ii. \$2680 per 24 hour with effect from April 1, 2018
- iii. \$2785 per 24 hour with effect from April 1, 2019
- iv. \$2925 per 24 hour with effect from April 1, 2020

6.10. REFRESHMENT ALLOWANCE

To be increased from \$1,200 per occasion as follows:

- i. \$1260 per occasion with effect from April 1, 2017
- ii. \$1285 per occasion with effect from April 1, 2018
- iii. \$1335 per occasion with effect from April 1, 2019
- iv. \$1405 per occasion with effect from April 1, 2020

6.11. HAZARD ALLOWANCE

The Ministry of Finance and the Public Service in conjunction with the JCTU, the Ministry of Labour and Social Security and the Ministry of Health will examine conditions of a hazardous nature with a view to determining whether payment of a hazard allowance is warranted. This will be initiated within the first three months of the signing of this agreement.

6.12. SHIFT/NIGHT PREMIUM

The PARTNERS agree that the existing rates are to be increased as follows:

a. Swing Shift – 2:00 p.m. to 10:00 p.m.

From \$13.75 per hour to \$14.45 per hour with effect from April 1, 2017
\$14.75 per hour with effect from April 1, 2018
\$15.35 per hour with effect from April 1, 2019
\$16.00 per hour with effect from April 1, 2020

b. Graveyard Shift - 10:00 p.m. – 6:00 a.m. / 11:00 p.m. – 7:00 a.m.

From \$20.00 per hour to \$21.00 per hour with effect from April 1, 2017
\$21.45 per hour with effect from April 1, 2018
\$22.30 per hour with effect from April 1, 2019
\$24.00 per hour with effect from April 1, 2020

c. Night Premium (payable to those employees normally working from 6:00 p.m. to 8:00 a.m.)

From \$20.00 per hour to \$21.00 per hour with effect from April 1, 2017
\$21.45 per hour with effect from April 1, 2018
\$22.30 per hour with effect from April 1, 2019
\$24.00 per hour with effect from April 1, 2020

6.13. FUNERAL GRANT

The PARTNERS agree that Funeral Grants applicable to public sector workers will be increased as follows:

- a. An increase from \$400,000 to **\$500,000** with effect from April 1, 2018 payable when an employee dies in the line of duty or after prolonged illness.
- b. An increase from \$300,000 to **\$400,000** with effect from April 1, 2018 payable when an employee dies from natural causes.

- c. An increase from \$120,000 to **\$200,000** with effect from April 1, 2018 where
- d. Funeral Grant is also payable in respect of employees with three (3) continuous years of service and a minimum of 156 days a year and who would have qualified for benefits under the Government Employees (Compassionate Gratuities) Resolution.
- e. **The PARTNERS** agree that the Government will conduct a review during this contract period of the Government Employees (Compassionate Gratuities) Resolution, for persons who work less than 156 days, to determine qualification for Funeral Grant benefit. In circumstances where employees work more than eight (8) hours per day, for the purposes of the Resolution, a day should be eight (8) hours.

6.14. DEATH BENEFIT

The PARTNERS agree to an increase from \$10 million to **\$14** million with effect from April 1, 2018 payable to the beneficiary of an employee who dies in the line of duty or from causes attributable to his job/profession.

6.15. LEAVE

The PARTNERS agree that discussions on leave are to be addressed at the Absence Management Committee of the PSMC.

6.16. AUCTION OF GOVERNMENT UNCUSTOMED VEHICLES AND OVERTIME GOODS

Discussions are to be held with Revenue Protection Division (RPD) within three (3) months of the signing of this agreement with a view of bringing closure to this matter

6.17. INCREASE IN THE STAFF BUS FLEET

The PARTNERS agree that the current fleet will be augmented within the next financial year in order to increase the numbers of seats and to ensure that new routes are added.

6.18. SPECIAL VENTURE CAPITAL WINDOW

The PARTNERS agree that discussions will continue to determine how persons could benefit from such a programme as directed by Cabinet

6.19. SUBSIDIZED MEALS/LUNCH SUBSIDY

The PARTNERS agree that the Government will review the current arrangement to take account of current environmental factors and to determine a suitable solution

6.20. WORK PLACE CARE CENTRES

The PARTNERS agree that the Government will review the current arrangement to take account of current environmental factors and to determine a suitable solution

6.21. SPECIAL WINDOW FOR CHILDREN OF PUBLIC SECTOR WORKERS AT THE STUDENTS' LOAN BUREAU

The PARTNERS agree that the current arrangement that allows for Public Sector Workers and their children to access SLB Benefits with effect from 2015/16 academic year will remain in force.

6.22. TRANSFER OF LEAVE ENTITLEMENT BETWEEN EMPLOYEES

The PARTNERS agree that discussions on leave are to be addressed at the Absence Management Committee of the PSMC.

6.23. JCTU EDUCATION GRANT

The PARTNERS agree to an increase from \$3.5 million to \$5.0 million with effect from April 1, 2018.

6.24. TERTIARY GRANT TO CHILDREN OF PUBLIC SECTOR WORKERS

The PARTNERS agree that an amount of \$35 million will be made available for Tertiary Grant to Children of Public Sector Workers with effect from April 1, 2018.

6.25. PROFESSIONAL AND SKILLS TRAINING

The PARTNERS agree that an amount of \$25 million will be made available for professional and skills training, with effect from April 1, 2018. The Ministry of Finance and the Public Service, in consultation with the JCTU, will engage the HEART Trust/NTA and other recognized training institutions regarding the programmes to be offered.

6.26. OVERTIME

The PARTNERS agree that current arrangements where workers are not allowed to receive both overtime and meal allowance during periods of additional hours worked, will be reviewed with a view of ensuring that the Government of Jamaica observes the various labour laws in this regard.

6.27. NEGOTIATIONS: STATE AGENCIES/STATUTORY BODIES (Ability to Pay)

The PARTNERS agree where some public sector entities may have the ability to pay above the wages agreed on in this agreement, such entities shall be permitted to engage freely in collective bargaining in keeping with the policy outlined by the Ministry of Finance and Planning as per Circular No. 4 Ref. No. 55/99 dated February 12, 2015.

7. SUPPLEMENTARY ITEMS

- 7.1. The partners agree that a scheme will be agreed within three months of the signing of this agreement, whereby workers will receive rewards once Government's economic growth targets are achieved.
- 7.2. The partners agree that public sector pension contributions will be phased in over a five year period at 1% per year.
- 7.3. The partners agree that blocks of shares will be reserved for public sector workers/trade unions whenever public sector entities are placed on the stock market for public ownership.
- 7.4. The partners agree that the government will introduce the principle of participatory budgeting, involving social partners, including trade unions, in the development of its next budget.
- 7.5. The partners agree that all NHT benefits currently in place specifically for Public Sector workers will be renewed for the life of this contract.

8. SAVINGS CLAUSE

- 8.1. 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.
- 8.2. Subject to clause 6.27 (above), THE PARTNERS AGREE that no group should be treated more favourably than the groups that are represented under this agreement. Where this occurs, it constitutes a breach of this agreement which must be referred to the Public Sector Monitoring Committee for resolution.

MOST HON. ANDREW HOLNESS, ON, MP
PRIME MINISTER

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ST. PATRICE ENNIS
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CLIFTON BROWN
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