

Jamaica Civil Service Association

FINAL UPDATE- Compensation Review

After 8 months of consultations which started on February 9, 2022, the JCSA, a member union of the Jamaica Confederation of Trade Unions is now at a point where we believe we can proceed with the signing of a MOU to allow a new compensation structure to be used to guide how Civil Servants are compensated.

Please recall that the GoJ proposed a compensation review in negotiations for the 2017 -2021 contract period which led to a 4-year wage agreement and as such resulted in the hiring of a consultant (Ernst and Young – EY) whose report informed the direction of the restructuring of compensation for the entire public sector.

The objective as was agreed then, between the Union and the Government, was to ensure that there was equity in compensation across the entire public sector and assurances were given that no worker would be worst off as a result of the restructuring. The commencement of the work for the review was delayed a year due to the shifting of priorities to do with the national response to the Covid 19 pandemic. This shift resulted in the Unions and GoJ agreeing on a one year carrying on adjustment of 4%.

Several concerning issues arose during the discussions in terms of which allowances were to be abolished/discontinued, absorbed or restructured and triggered a wide series of consultations between the government and the various Unions and Associations representing GoJ workers. There were some common threads running through all of the consultation and the main one was that workers in the middle bands of the 16-band structure were worst off as result of the inductive outcomes of the recommendations by the Consultants. The primary grouse was around nontaxable wages which would now form a part of basic salary and subject to tax at either the standard rate or the rate for higher paid employees.

This caused the initial agreed implantation date of July or second quarter to be pushed back significantly as the GoJ and labour unions sought a way through the challenges of ensuring that no worker was worst off but will in fact be better off. After many discussions on weekends, nights and public holidays, we were able to give the necessary feedback the technical team supporting the Minister of Finance enough salient points to arrive at a workable consensus.

Below we will present the concerns of the JCSA and how we have done under the consultations in alleviating these concerns:

The JCSA's Concerns:	Latest Update:
<p>Wages: It is generally accepted that the wage scales of the public sector were dysfunctional hence the constant cycle of reclassification and upgrading of posts. With this reduction in the number of levels to 16 with subclassifications and the standardization of the classifications withing each level, it lends itself to equity in determining the compensation of disparate jobs that have equal value and weight.</p> <p>However, given the passage of time It is now realised that the window for the implementation to be seen on April 21, 2022 (Official payday) is closing if we do not conclude by the end of February. This is to allow for payroll information to be sent in time to be processed arising from the new scales. The concern now is how far into the new fiscal year will Public Sector employees have to wait given that the current one-year agreement expires on March 31, 2022.</p>	<p>A new 16 band Structure has been developed and this will facilitate the alignment of the salaries of public sector workers across the various subsectors of public sector. This is the first step in the 3-phase implementation process for the restructuring of compensation. Salaries will be adjusted over a period of 3 years starting in 2022 November and retroactive to April 2022.</p>
<p>Allowances: There are activity based and fixed allowances that are to come under wages in the future especially transport related allowances. The factoring of the rolling in of allowances must be done in a way that will not impair the new wages when they are compared to the total compensation currently received by the employees of the state. The rolling in of allowances should be phased in to ensure that the employees who receive them are not at a disadvantage when they are factored into base compensation. It must also be tax neutral and make allowances for at least 5 cycles of adjustments to the rolled in allowances to ensure that the real value over time is not eroded as wage increases do not keep pace with the real cost of maintaining a motor vehicle for example.</p> <p>Some of these allowances are the outcome of Union Negotiations and while there is no</p>	<p>The GoJ has moved from a rolling-in to an absorption methodology meaning that no separate treatment was done to recognise the value of allowances once that allowance could fit into the new salary. This caused some officers particularly Travelling officers to be at a significant disadvantage when they were to be converted relative to their counterparts who were not travelling officers. The solution was to propose a temporary non-taxable allowance which proved ineffective to treat with the issue. We finally arrived at a consensus that travelling will be taken into consideration when determining where officers will fall on the band they are aligned to. (See below)</p> <p><u>GOJ's Latest Position</u> Persons in receipt of Travelling, Upkeep, commuted or Fixed will have their rate of travelling taken into account when they are being converted to the new band. This means</p>

<p>fundamental objection to their rolling in, the short to medium term impact of the rolling in must not cause a deterioration of the total compensation of the worker.</p>	<p>that their current pay will convert to a point in the new band which is beneficial. In instances where the current package cannot fit into the new band that employee will convert to the maximum and be in receipt of a temporary allowance.</p> <p><u>JCSA's Counter</u></p> <p>We are seeking the allowance to be grossed up for tax and the value of that being used to move travelling officers further along the Band and if they fall out of scale to award a special No-Taxable Temporary allowance</p> <p>Those allowances that would require significant policy amendment and rigorous discussions would have extended the period of consultation and it was deemed prudent that their materiality would allow for the stakeholders to continue discussions on those without holding up the commencement of the payment of new wages. (See Appendix 2)</p>
<p>Seniority:</p> <p>New entrants versus employees who are at their maximum and earning Seniority must be looked at to ensure that persons just entering the service are not put on the same level as those who have been in place for a long time earning the same salary due to the Review. The general treatment in the past was a point-to-point movement from the old scales to the new ones. This will be a major sticking point for public officers with seniority.</p>	<p><u>GOJ's Latest position</u></p> <p>Persons will convert to the minimum</p> <p>Persons in receipt of 1 and 2 seniority increments will convert to the second point</p> <p>Persons in receipt of 3 seniority increments will convert to the third point</p> <p>Notwithstanding the above, persons whose compensation does not fit in the rules stated above will move along the salary scale to a point that they can be converted.</p> <p>During transition period (year 1 and 2) persons whose current compensation (net for net) are not able to fit into the salary scales will receive a temporary non-taxable allowance during the transition period.</p>

	<p>Where possible all personal pensionable allowances will be taken into account in alignment to the new salary scales.</p> <p>Lump sum is a payment made for performance to those persons who have been in receipt of three seniority increment. These are one-off payments and so would not be a part of the conversion.</p> <p><u>The JCSA's Counter</u></p> <p>Seniority:</p> <ul style="list-style-type: none"> • 1st Seniority: 2nd point; • 2nd Seniority: 3rd point; • 3rd Seniority: 4th Point <p>Persons in Receipt of Transport Allowances: that the existing figure be grossed up for tax and included in the determinant of where the officers will be placed in the bands. Use of the temporary Allowance is also accepted where persons fall out of the band.</p> <p>Pensionable allowances: This must be used in the alignment as it is in keeping with the Seniority and increment policy</p> <p>Lump Sum payments after 3rd Seniority: This is part of the compensation paid to Officers as a "4th" increment in the form a a lumpsum every 2 years. and must be factored into their alignment in the bands.</p> <p>The JCSA's position is that all increments and seniority payments are not automatic and are subject of performance evaluations, so is the payment of the lumpsum therefore it should not be treated differently. This is convertible to a pensionable allowance after a period of time.</p> <p>This cannot be ignored.</p>
Increments:	

<p>The Reward and Recognition system being piloted by the Office of the Cabinet, must also be finalized with the implementation of the Review to ensure officers are clear that they will see meaningful movement from one point to the next because of their assessed performance and gaining additional qualification and not automaticity. It should also be noted that the points between increments have been woefully narrow and in need of adjustment for some time now.</p>	<p>All provisions for the payment of increments will continue as there has been no policy change or amendment to the rewards and recognition programme and circulars of the public sector that governs this.</p>
<p>Incentives: A Public Sector Incentive Scheme to reward performance is now crucial in considering the GoJ compensation philosophy. One now exists in Executive Agencies and some Public Bodies. We will be pushing to have one applied in the public sector. An incentive is a one-off annual payment on account of surpassing targets. This should not be confused with increment payments which are a permanent change in one basic compensation due to performance .</p>	<p>No movement on this item in this phase. See Appendix 2</p>
<p>Absence management: The system of approved absence and how it is managed is a part of the compensation of the public officer. It is in dire need of reform to complement the new compensation system as there is inequity in this as well (35 days vs 14 days' vacation leave as an example).</p>	<p>No movement in this item in this phase. See Appendix 2</p>
<p>Pension: For those officers retiring over the 3 years of the implementation of the Review, it would be good to place a moratorium on the use of the last 3 years' service to be used to calculate one's pension and to use the intended salary at the end of the review period as the base to calculate pensions so that these officers are not at a disadvantage when they retire over the next 3 years</p>	<p>No movement in this item in this phase. See Appendix 2</p>
<p>Benefits Administration: All the compensation and Human Resource Management systems of Government are</p>	<p>No movement in this item in this phase. See Appendix 2</p>

<p>being centralized via the Central Treasury and My HR+, it is now logical to have centralised benefits in the public sector as well. We should not have separate and siloed systems across government when we use similar scales and one HR platform to manage employment benefits. If we continue to maintain the status quo, then we would not have achieved a complete change to the system of compensation for public sector employees.</p>	
<p>The impact of the suspension of Reclassifications</p> <p>Entities that were going through reclassification exercises had those frozen by the MOF indicating that the Compensation review will deal with any anomaly. We are now seeing that this will not be so as Review is now an alignment exercise and will use current classifications to align similar jobs without consideration being given to the work done to upgrade jobs that were underpaid. This is going to negatively impact the holders of posts as they are not starting off from a position of equity in their classifications. The Jamaica Library Service, Administrative staff in Regional Health Authorities, Water Resources Authority and Executive Agencies are but a few. Health Professional Groups and the Classification Appeals Tribunal needs immediate attention</p>	<p>A job evaluation exercise will be done in phase 2 /year 2 of the implementation which will deal with the classification of various groups.</p> <p>Some adjustments were made to some classifications by merging them into the same band as part of the alignment process.</p>
<p>Preponderance of contract employment and its cost</p> <p>The inconsistent application of gratuity entitlement for contract employment will also give some employees a larger total compensation at a premium of 25% per annum. This unsustainable element of compensation needs to be fixed as it is estimated that this costs the Government approximately \$6 Billion per annum and will likely double when the implementation of the Review is complete. It is time to also rationalize the system of contract employment</p>	<p>No movement on this item however the GoJ has repeatedly promised that it will be addressed during the Compensation Restructuring.</p>

<p>Duty Concession: In April 2022 the Ministry of finance introduced the intention of discontinuing certain Benefits to include duty concession. This was not previously discussed for discontinuation but as an item of concern administratively.</p>	<p>After much discussion and lobbying the GoJ has agreed to take this item off the table for the time being. We expect that we will continue to discuss making the duty concession regime more efficient. See Appendix 2</p>
<p>Upkeep and Mileage The MoF has proposed to restructure the payment of mileage in light of the fact they intended to discontinue the payment of upkeep by merging it into salaries</p>	<p>A new rate of mileage will be determined to incorporate the variables that were used to determine upkeep and mileage into one figure.</p> <p>We have proposed to the MOF a rate we deem to be appropriate based on the JCSA model. They have made an offer which we rejected and have made a counteroffer.</p> <p>We await the GoJ response but would not delay the signing of the MOU for this to allow salaries to be paid now. Any amount agreed will be retroactive for the agreed period, if there is any significant delay in settlement.</p>

Please see the Draft MOU and the Appendices to gain a deeper understanding of what is to happen. The GOJ has proposed to front load the greater part of salary adjustments in year 1 with an intention to get agreement over the next week or so to ensure salaries can be paid in November and that the retroactive payments can be programmed.

Notwithstanding the issues, we have countered regarding the grossing up of allowances and the treatment of seniority we feel we are at a point of comfort and recommend to the members that we can now signal to the GOJ that we have an understanding.

With your assent we are proposing to sign the MOU and will confirm this in a series of JCSA internal consultations ending on October 3, 2022

Prepared by:
O’Neil W. Grant, MBA
President



MEMORANDUM OF UNDERSTANDING

concluded between

The Government of Jamaica

and the

***Jamaica Confederation of Trade
Unions (JCTU)***

MoFPS/SHRMD/ERB

SEPTEMBER XX, 2022

AGREEMENT

AGREEMENT SIGNED BETWEEN THE GOVERNMENT OF JAMAICA ON THE ONE HAND AND THE GROUPS REPRESENTED BY THE JAMAICA CONFEDERATION OF TRADE UNIONS ON THE OTHER HAND, ON SEPTEMBER....., 2022

Consequent on the decision and actions taken by the Government of Jamaica to comprehensively restructure compensation systems in the Public Sector, to one system underpinned by a clear philosophy and ideology, that will result in a revised pay policy that is simple, consistent, predictable, sustainable and deliberately designed for the transformed Public Sector, the parties to this Agreement hereby agree to the following:

1. That this revised compensation system supersedes all prior compensation arrangements and that the revised Pay Structure for the Public Sector which represents a total compensation package, will be implemented over a three-year period starting April 1, 2022 and each ensuing April thereafter until full implementation in fiscal year 2024/25 and will be informed by a new job evaluation tool.
2. That the allowances and benefits that will be in effect (**Appendix 1**) will be supported by the revised policy documents which detail the conditions for payments and the associated rates as approved by the Ministry of Finance and the Public Service.
3. That the principle of voluntarism applied to the practice of industrial relations in the public sector, remains critical for success and that the Parties reaffirm their commitment to the principles of free collective bargaining during this and all succeeding periods.
4. That the Government will complete and implement the new Employee Performance Management Policy no later than fiscal year 2025/26.
5. That discussion on some Benefits will continue with a view to arriving at a final decision within three months of the signing of this agreement. See schedule of the relevant benefits at **Appendix 2**.

APPENDIX 1

ADDENDUM TO THE HEADS OF AGREEMENT CONCLUDED BETWEEN THE MINISTRY OF FINANCE AND THE PUBLIC SERVICE AND THE JAMAICA CONFEDERATION OF TRADE UNION

The following items represents adjustments to existing rates and or policies for the period under review.

1. PERIOD OF AGREEMENT

April 1, 2022 to March 31, 2025.

2. FUNERAL GRANT

- a. \$500,000 payable when an employee dies in the line of duty or after prolonged illness.
- b. \$400,000 payable when an employee dies from natural causes.
- c. 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.
- d. 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.

3. TAXI ALLOWANCE

- a. The rates have been adjusted as follows:

	Current Rate	Proposed w.e.f. 1/9/2022
<i>Round Town</i>	\$855 per occasion	\$950 per occasion
<i>Out of Town</i>	\$1465 per occasion	\$2000 per occasion

- b. Discussions around the revised policies to be concluded by March 31, 2023.

4. MEAL/SUPPER/REFRESHMENT

- a. The rates have been adjusted as follows:

Current Rate	Proposed w.e.f. 1/9/2022
\$855 per occasion	\$950 per occasion

- b. Discussions around the revised policies to be concluded by March 31, 2023.

5. SUBSISTENCE ALLOWANCE

The rate to be increased from \$3,024 per 24 -hour to \$4,000 per 24-hours with effect from September 1, 2022. **Conditions as per revised policy.**

6. SHIFT PREMIUM/NIGHT PREMIUM

- a. Shift premium (Swing& Graveyard) – Existing rate of \$24/hour to continue.
- b. Night premium – Existing rate of \$24/hour to continue.
- c. **Discussions around the revised policies to be concluded by March 31, 2023.**

7. REVISED ELIGIBILITY FOR ACTING

Any employee who is appointed to act in a higher grade than his/her own in excess of ten (10) working days continuously is entitled/eligible to be paid an Acting allowance in addition to his/her substantive salary with effect from October 1, 2022.

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APPENDIX 2

Consequent on the implementation of Compensation Restructuring, the following allowances and benefits are for continued discussions:

1. *All Leave Types*
2. *Duty Concession*
3. *Education Grant*
4. *Government Employee Transportation Services*
5. *Loans*
6. *Meal and Related payments*
7. *Overtime and Related payments*
8. *Refund of Tuition*
9. *Shift Premium*
10. *Taxi*
11. *Uniform*