

# **SECTORAL DEBATE 2005 PRESENTATION BY HON. HORACE DALLEY, MINISTER OF LABOUR AND SOCIAL SECURITY ON MAY 17, 2005**

## **1. INTRODUCTION**

Mr. Speaker, I welcome this occasion once again to address this Honourable House in my capacity as Member of Parliament for North Clarendon and as Minister of Labour and Social Security. It is in fact my sixteenth contribution to the Sectoral Debate in this House, having been elected Member of Parliament in 1989, and I want to thank God and my constituents for making this possible.

I must also express my deepest appreciation to my immediate family, close associates, and colleagues, whose support and encouragement have served as a source of strength to enable me to adequately discharge my responsibilities both as MP and as Minister.

I also want to thank the Most Honourable Prime Minister for the continued confidence he reposes in me, and for his encouragement and support, particularly at those difficult and challenging times, where, Mr. Prime Minister, I have benefitted tremendously from your wisdom and excellent leadership.

To my colleague - Minister of State Senator Floyd Morris, the Permanent Secretary and staff at all levels of the Ministry of Labour and Social Security, I commend them for their consistent and hard work to ensure that Government's policy goals and objectives, for which the Ministry has responsibility, are realized.

## 2. SITUATIONAL CONTEXT

Mr. Speaker, my focus this year will not only be to highlight the work and achievements of the Ministry, but to set these achievements in the context of the dynamics of a changing labour market, which would naturally arise from our efforts at creating a Caribbean single market and economy. The formal declaration by Jamaica, Trinidad & Tobago and Barbados to establish the single market, has redefined the reality of our social and economic circumstances, and has significant implications for labour market management, manpower planning and research, the harmonization of labour standards, the diversity of the workplace, and the accommodation and protection of migrant workers.

We must also as a region be prepared for the coming into being of the Free Trade Area of the Americas (FTAA), and particularly for us here in Jamaica, Mr. Speaker, we have to ensure that our labour market is sufficiently adjusted and secured to withstand the challenges which must come from an

extension of our economic space beyond regional borders. But there will be opportunities, and we have to prepare the Jamaican workforce to take advantage of those opportunities so that the country in particular, and the region in general can benefit from investment inflows, job creation and sustainable economic growth.

The Ministry of Labour & Social Security is the Ministry charged with the responsibility to lead the process of labour market reform. Along with other Ministries and Government Agencies, my Ministry also shares the responsibility of preparing the labour force to be world class producers of goods and services so as to provide us with a competitive advantage in world trade.

Mr. Speaker, in preparation for this we commissioned a diagnostic study of labour administration services in Jamaica, coming out of a meeting last August, of the 12<sup>th</sup> Inter-American Labour Conference of the Organisation of American States. The role, functions and organisation of labour administration are critical to the effectiveness of government's economic and social policies, and are best carried out within an international framework set by ILO standards and outlined in Convention **No. 150**, and Recommendation **No. 158**.

This study examined labour administration within two clearly defined contexts:

- One, within the context of the new global economy and in particular the strategic response that is required for effective participation by the Jamaican economy in terms of labour and employment relations policies.
- The second, to ensure that labour administration be not isolated within the confines of public administration and government. Importantly, it requires a broader social and political function where its effectiveness rests on its ability to bring about consensus between public authorities, employers and trade unions.

The central issues explored in the study were:

- The extent to which the system of labour administration is adequately resourced and effectively organised to undertake its mandate, taking into consideration the evolving requirements of the system of labour administration;
- The extent to which the system of labour administration promotes an efficient and credible system of dispute prevention and resolution;
- The extent to which the system of labour administration promotes the development and enforcement of international labour standards, taking into consideration best practices in labour administration;

- The extent to which the system of labour administration promotes tripartism and social dialogue and reaches the wider community in the provision of its services;
- The extent to which the system of labour administration addresses the challenges of modern economic, social and political reality, in particular the need for the promotion of flexible and efficient labour market and its ability to introduce change, and;
- The kinds of reforms that are required to meet contemporary and anticipated demands of the industrial relations situation.

The Study made a number of recommendations, Mr. Speaker, some of which we have begun to implement. Among the recommendations are the following:

- A revising of the vision of the Ministry of Labour, where the revised vision should have a strategic focus connected with the new role envisaged for the Ministry;
- The Ministry to reassess its structure and resource requirements to accommodate its role in a liberalised and globalised market place, with a greater focus on human resource development and manpower planning;
- The need to give greater attention to the implementation of the ILO/PROMALCO models for transformation of labour-management

relations from adversarialism to consensus building and partnerships;

- The expansion of the jurisdiction of the IDT to allow for non-unionised workers to be granted direct access in grievance matters;
- The convening of meetings of the Labour Advisory Committee with predictable regularity;
- The Social Partners should be given the opportunity to review and comment on Reports of the Government of Jamaica before their submission to the International Labour Organisation;
- The Social Partners should negotiate as soon as possible a social protocol to promote Jamaica's best economic interests to the mutual benefit of the parties.
- The staff, resources and equipment of the Industrial Safety Division should be upgraded to accommodate its enhanced role when the new Health and Safety Bill is enacted.

Mr. Speaker, it is against this background that I want to examine the work of the Ministry, and to highlight some of the initiatives we have taken to advance Jamaica's preparedness for global competitiveness. In so doing, I must point out that our labour and social security policies and programmes must now be seen as a critical component of the country's economic and social policy agenda to achieve sustained economic growth and development. But I must emphasise that the policy and programmatic goals

of this Ministry are going to be underpinned always by a sense of equity and justice, so that no group is left behind in advancing the welfare and well-being of the Jamaican people.

### 3. RE-AFFIRMING SUPPORT FOR INTERNATIONAL CONVENTIONS

In order to achieve this, Mr. Speaker, we realise the importance of situating these policies and programmes within the context of clearly defined international standards. To this end, the Conventions and Recommendations of the International Labour Organisation provide an effective covenant for carrying out our work. These Conventions and Recommendations are important guidelines for the development of national labour policies and legislations, and are fully supported by the social partners at the local and international levels.

I would like to re-affirm Jamaica's full support for the work of the ILO, and our commitment to comply in the observance to the letter and spirit of the Conventions we have ratified.

Jamaica has ratified twenty-five (25) Conventions since 1962, including:

- The most recent Convention, number 182 on the 'Worst Forms of Child Labour', which we ratified in October 2003. These include, what the ILO regards as the 'core conventions':
- **Convention No. 29 on Forced Labour;**

- **Convention No. 87 Freedom of Association and Protection of the Right to Organise;**
- **Convention No. 98 Right to Organise and Collective Bargaining;**
- **Convention No. 100 on Equal Remuneration;**
- **Convention No. 105 on Abolition of Forced Labour; and**
- **Convention No. 111 on Discrimination.**

In addition, Mr. Speaker, there are a number of other ILO Conventions, which are important to labour administration which we are going to ratify in the near future. These are Conventions concerned with:

- Labour Inspection and Labour Standards,
- Occupational Safety & Health,
- Occupational Health Services,
- Employment Policy,
- Human Resource Development,
- Dock Workers,
- Termination of Employment,
- Labour Statistics and Protection of Wages.

#### **4. TRIPARTISM AND SOCIAL DIALOGUE**

Mr. Speaker, the effectiveness of labour administration is best achieved through consultation and consensus. The ILO puts it classically when it

states that “...the best solutions arise through social dialogue in its many forms and levels, from national tripartite consultations and cooperation to plant-level collective bargaining. Engaging in dialogue, the social partners also fortify democratic governance, building vigorous and resilient labour market institutions that contribute to long term social and economic stability and peace”.

This is why, Mr. Speaker, we are strengthening the work of the Labour Advisory Committee, (LAC), and have established a sub-committee of that body, under the Chairman of a Vice President of the JCTU, Danny Roberts, to propose ways of restructuring the LAC to improve its efficacy and to give greater meaning and purpose to the whole business of tripartism and social dialogue.

Last November we held a Retreat of the LAC under the theme: “*Productivity and Competitiveness - The Changing Role and Function of Labour Administration*”.

From our deliberations a number of recommendations were made to:

- i. Identifying the best organizational fit for effective Labour administration;
- ii. Intensifying the dialogue with other stakeholders;

- iii. Devising strategies to re-position the social partners;  
and
- iv. Increasing dialogue with **CARICOM** partners on achieving regional convergence with the advent of the CSME.

I want to expand somewhat on this fourth point, Mr. Speaker, because the social partners in Jamaica, Trinidad & Tobago and Barbados have agreed to meet to detail work on the harmonization of labour laws; standards; the social security system; certification of workers and the free movement of labour under the CSME.

All three countries have implemented several of the decisions taken in order to give effect to the protocols outlined in the revised Treaty of Chaguaramas. Legislations have been passed agreeing to the free movement of skills as an initial step in fulfilling the clause for the free movement of persons. In Jamaica's case, this has been done through the passing of the Caribbean Community (Free Movement of Skilled Persons) Act of 1997.

Five categories of Community nationals now benefit from the provisions under the Act, including:

- University graduates
- Media Workers

- Sports persons
- Artistes
- Musicians and their dependents

The Foreign Nationals and Commonwealth Citizens (Employment) Act has also been amended last December to facilitate Jamaica's participation in the single market by allowing any Caricom national to freely establish businesses here, and to provide services.

## 5. PRODUCTIVITY GROWTH AND COMPETITIVENESS

Mr. Speaker, in the process of reforming our labour market and preparing our workforce for world-class competitiveness, not only must we build institutional capacity, and forge greater cooperation within the region; but we must pay particular attention to creating a productivity culture which will facilitate improvements in our competitiveness.

A nation's living standard is largely determined by the productivity of its economy measured by the value of goods and services produced per unit of human and capital resources. Research ranking countries in terms of the quality of life, competitiveness and productivity, indicate a strong correlation between these three variables. Productivity, Mr. Speaker, is the only true

source of competitiveness. A central challenge in economic and social development, therefore, is how to create the conditions for rapid and sustained productivity growth.

This is why the work of the National Productivity Centre is central to whatever we do. Through their work so far, Mr. Speaker, we have begun to see a number of revised Performance-based Incentive Schemes developed in the private sector. Last month the Centre commenced an Education and Sensitisation Programme to foster a greater productivity oriented culture in the society, which will be highlighted through a series of major seminars conducted by leading international experts on productivity issues.

The first in this series was held in April 2005 under the sponsorship of PROMALCO with noted international management consultant Dr. Joseph Prokopenko being the featured presenter. Several public and private sector agencies benefited from this event.

Mr. Speaker, with improved productivity and competitiveness we can anticipate further increase in investment inflows and the creation of more and better jobs.

## **6. LABOUR MARKET ISSUES**

Mr. Speaker, I now want to turn to some of the specific areas of work under my Ministry, some of which forms part of the recommendations coming out of the Eaton Committee on Labour Market Reform.

### **6.1 Flexible Working Arrangements**

The issue of working time, Mr. Speaker, was one of the major areas identified for reform in the Eaton Report which focused on developments taking place in international markets and how to best position Jamaica's Labour Market for greater competitiveness in the changing environment. Flexible Working Arrangements was proposed as part of the mandate to design and recommend strategies to facilitate a more market oriented economy and to manage the effects of international trends and activities.

Almost five years ago in, July 2000, a twelve member committee was appointed and charged with the task of addressing the complex issues involved in implementing flexible working time arrangements. Members of the committee are drawn from the government, trade unions and employers' organizations in keeping with the tripartite principle and the need for social dialogue.

These consultative discussions led to the realization that there was a need to regularize flexible working time. Additionally, the concerns of the church and the trade unions were brought to the fore. The trade unions indicated support for the ideas behind these arrangements but pointed to the need to engage in an effective bargaining process to achieve the sought objectives.

The church was concerned with the implications of flexible work arrangements on rest time, worship, family and the spiritual well-being of the nation.

As conveyed to the House in previous debates Mr. Speaker, Flexible Working Arrangements are not being pursued under any new piece of legislation but will be put in place through amendments to existing laws. The adjustments to be made will include amendments to laws governing opening and closing times, restriction on hours of work for women and ensuring adequate social protection and safe guards with regard to flexible work time for all workers.

At the same time employers are expected to ensure that flexible work arrangements are introduced with a view to promoting health and safety, while also recognizing the need to create options to balance work and family life.

Since the adoption of a “National Plan of Action on Working Time in Jamaica” to direct the actions to be taken to facilitate effective implementation of the arrangements, the Ministry of Labour and Social Security has had several meetings with the concerned group of church leaders and other stakeholders who have agreed to the implementation of the arrangements on a phased basis. It is envisaged that further meetings to effect implementation will be convened within this new Legislative year.

Mr. Speaker, the process of consultation and the need to represent all interests has resulted in a slow pace of implementation of this element of the Labour Market Reform, but we are convinced that in the long term it will ensure greater success.

## **6.2 Work Permit**

A Sub-Committee of the LAC, which reviewed the procedures and examined the laws and regulations governing the granting of work permits, made a number of recommendations to improve the process. As part of the recommendation, Mr. Speaker, the Government reintroduced a fee structure for the granting of work permits to foreign nationals wishing to work here in Jamaica. That decision has brought in revenue in excess of \$160m for the period August 1, 2004 to April 30, 2005.

Mr. Speaker, the Ministry has ensured that adequate steps are in place to protect local skills, while at the same time ensuring that highly skilled labour from overseas are available.

Mr. Speaker, I expect that with the expansions to take place in the bauxite sector, the Caribbean Cement Company, the Jamaica Public Service Company Limited and the construction taking place in the hotel industry, that there will be the full utilization of local skilled labour. However, where there is the absence of these skills locally, those skills must be sourced within the CSME, as is the case with other Caribbean territories. Extra regional sourcing of these skills should only take place where they are not available in the region.

But it is important Mr Speaker that we note that where the skills are not available, and we have to import, one of the requirements for granting this permit is for the companies to put in place a programme of training for the transfer of skills to Jamaican nationals.

Mr. Speaker, I am making these points because of the observance of the frequency of renewal applications. There are some notable multinational corporations with expatriates occupying top executive posts in Jamaica, and I want to emphasise that the Ministry will not be renewing work permits

indefinitely where our investigations show that no efforts have been made to train Jamaicans for these jobs.

## 7. INDUSTRIAL RELATIONS

Mr. Speaker, one of the critical challenges in industrial relations today is the issue of contract worker. Even though the matter of the definition of a 'worker' has been addressed through the amendment of the respective section of the LRIDA, this issue continues to re-emerge.

It is often brought into focus when representational rights are being sought. In facilitating the conduct of representational polls the Ministry requires that companies submit pertinent information about their workers. In a number of instances companies have refused to provide this information, indicating that they do not engage "workers" only "independent contractors." Under the provisions of the LRIDA, these companies have been brought before the court and there are currently three cases pending.

Mr. Speaker, the industrial relations system must place greater reliance on dialogue and the utilisation of the machinery for the settlement of industrial disputes. We urge dialogue and counsel respect for the legal framework which guide our labour relations practice. In the end I believe it is clear to all

parties that the government has an obligation, a moral duty to take the necessary action against any transgression of the laws.

It is because of this emphasis on dialogue that has resulted in a significant reduction in the number of industrial disputes reported to the Ministry. We have seen a reduction in the number of industrial disputes reported in 2004/2005, when compared with 2003/2004. Total disputes in 2003/2004 stood at 165, and this fell to 131 in the fiscal year 2004/2005. But more significantly, Mr. Speaker, the total man-days lost through work stoppages fell dramatically from 24,623 in 2003/2004 to 1,393 in 2004/2005.

*[Man-days are the numbers of days lost times the number of workers involved in the industrial action.]*

It is also because of the emphasis on dialogue why we have been able to resolve the protracted dispute between Air Jamaica and the Bustamante Industrial Trade Union, which not only threatened the viability of the airline, but also threatened to derail the MOU between the Government and the trade unions. I want to place on record my full appreciation to the parties for their remarkable goodwill and compromising spirit which resulted in an agreement in the end.

Mr. Speaker, I am obliged to single out the Prime Minister for the exceptional leadership role he played in the resolution of this issue, and place on record my deep appreciation to him for his guidance.

In the final analysis, the parties in any dispute must realise that the effectiveness of negotiation is about compromise and that it is not every time that you go the table that you are to get all that you want. You will always have to give up something to gain something else and this is the spirit which must characterise negotiations at all levels.

#### **7.1. Industrial Disputes Tribunal**

Mr Speaker, this year marks the 30<sup>th</sup> Anniversary of the Industrial Dispute Tribunal, and the institution continues to perform creditably.

Over the past ten (10) years, fifteen (15) of the Awards handed down by the Tribunal were challenged in the Courts, and in eleven (11) of these cases, the decisions of the Tribunal have been upheld. The most recent case in which the decision of the Tribunal has been upheld by the Court involved the Jamaica Public Service Company (JPS) and the National Workers Union (NWU). This judgement was handed down in April of this Year. The judge of the Supreme Court was moved to say the following: “at all relevant times,

counsel has indicated that the Tribunal was a quality one of international standards. He praised their competence, expertise and integrity”.

The landmark Jamaica Flour Mills (JFM) case, in which the Privy Council upheld the decision of the IDT, further attests to the quality and credibility of Tribunal’s awards. We are very proud when the quality of our judgements can stand up to the scrutiny of the Courts for this repose confidence in the system of justice reflects on the competence of our members.

For the fiscal year 2004/2005 22 disputes were handled by the IDT, of which 11 were disposed of. One dispute was settled by agreement while two were withdrawn. A total of 8 awards were handed down and 11 disputes remain outstanding at the end of 2004/2005.

With the majority of workers not being able to access the IDT because of their non-unionised status, we are proposing to make amendments to the Labour Relations & Industrial Disputes Act so that they can have their disputes heard by the Tribunal. When this proposal becomes a reality, the scope and responsibility of the IDT will have to be significantly strengthened.

## 7.2 Pay and Conditions of Employment

The Pay and Conditions of Employment Branch of the Industrial Relations Division caters mainly to non-unionised workers, particularly at the lower end of the labour market.

It ensures the maintenance of minimum standards set out in the various Labour Laws relating to:

- Notice Pay,
- Redundancy Pay,
- Vacation Leave,
- Maternity Leave,
- National Minimum Wage and
- the Minimum Wage for Industrial Security guards

Mr. Speaker, there has been a 35 percent increase in the number of complaints received regarding Pay and Conditions of Employment last year, when compared to 2003. The number of investigations carried out by Labour Officers also increased by 81 percent, and a corresponding increasing in the number of settlements made by employers, as well as the amounts collected and paid over to the workers.

## 8. OCCUPATIONAL SAFETY & HEALTH

This Division, Mr. Speaker, is responsible for the inspection of factories, building sites, ships, docks, and to also carry out special investigations. The Industrial Safety Department of the Ministry of Labour and Social Security firmly believes that work-related accidents and ill-health can and, indeed, must be prevented, and that action is needed at all levels including the enterprise level to achieve this.

Two recent deaths at Long Pond and Appleton Sugar Estates emphasize the importance we must place on eliminating work related accidents. Apart from investigating the specific circumstances in which these accidents occurred, the Ministry will be undertaking an in-depth audit of safety procedures and practices in the industry. The assistance of the ILO has already been obtained for this exercise, within the context of its programme of safe and decent work.

Promoting and maintaining appropriate safety standards at the workplace requires the full involvement of the tripartite partners - The government by providing the required legislation; the employer, by providing safe and healthy working conditions, managers, supervisors, workers and trade unions through communication, collective agreements and safety committees.

Occupational Safety and Health are of primary importance to all sectors of our society for social and economic growth and development. Although only a minority of the Jamaican workforce is at present covered by current legislation we remain committed to the maintenance of suitable occupational safety and health standards at industrial and commercial undertakings throughout the island. By the year 2006, we expect that the number of workers covered under the new Occupational Safety and Health Act will move from a minority to at least 85% of the total workforce.

Mr. Speaker, the Department continues to monitor the conditions of special groups, such as women and juveniles in employment under the following Acts:

- The Factories Act
- The (Women) Employment of, Act and
- Child Care and Protection Act

### **8.1 Child Labour**

While Child Labour is not as serious as in other parts of the world, where it exists we have to deal with it. The Government of Jamaica in collaboration with the International Labour Organization (ILO)/International Programme on the Elimination of Child Labour (IPEC) implemented a Country

Programme to progressively reduce and ultimately eliminate child labour in Jamaica.

In pursuit of this a National Survey was conducted by the Statistical Institute of Jamaica (STATIN). At a National Feedback Seminar in June 2004 it was reported that there were sixteen thousand two hundred and forty (16,240) children ages 5-17 years who were engaged in some form of economic activity in 2002. Based on the ILO's definition of Child Labour, the conclusion was that seven thousand five hundred (7,500) children were economically active, 75 per cent of which were males.

Awareness raising of the issue was done essentially through the production and distribution of a CD entitled "Let us Try", via a mobile exhibition which was shown at several public events throughout Jamaica. Brochures, flyers and posters were also produced and widely distributed. A video on child labour in Jamaica was also produced.

During the life of the Programme, three (3) initiatives were implemented with a target of withdrawing and rehabilitating six hundred (600) children from hazardous work and preventing an additional 300 from joining the work force, at a cost of ten million (\$10,000,000.00) dollars. Five hundred and three

(503) children were withdrawn and eight hundred and fifty-two (852) children were prevented from engaging in any form of child labour. With the ILO funded phase of the programme in June 2004 these initiatives are continuing in partnership with the NGO community.

In keeping with plans to institutionalize the programme in the Ministry, Training seminars for Labour Inspectors were conducted with a view to formulating systems and procedures to address incidents of child labour when identified at the workplace. A National Plan of Action charting the way forward was drafted by members of the National Steering Committee on Child Labour, Labour Inspectors MLSS, Government Organizations, Non-Governmental Organizations (NGOs) and other Stakeholders.

Every effort will have to be made to develop the appropriate modalities to collaborate with other agencies of government, the private sector and non-governmental organizations in furtherance of these objectives, despite the challenges of financial and human resources.

The National Steering Committee will continue to function as the focal point for policy development and guidance, periodic review and evaluation and ensuring fulfillment of GOJ requirements.

## 8.2 HIV/AIDS and the World of Work

Mr. Speaker, the Ministry signed a Memorandum of Understanding (MOU) with ILO and the US Department of Labour for the implementation of a HIV/AIDS Workplace Education Programme. The project will enhance the national response to the HIV/AIDS epidemic by concentrating on the workplace. The two objective of the project are –

- To reduce HIV/AIDS risk behaviours among targeted workers and
- To reduce the level of employment-related discrimination against persons living with HIV/AIDS.

Mr Speaker, it is internationally recognized that HIV/AIDS is a major threat to the workforce. HIV/AIDS affects the most productive segment of the labour force and imposes huge costs on enterprises in all branches of economic activity through declining productivity, increasing labour costs and loss of skills and experience. Again, in conjunction with international initiatives spearheaded by WHO and ILO, the Industrial Safety Department will be involved in efforts to reduce and control the spread of HIV/AIDS as part of Jamaica's multi-sectoral response coordinated by the Ministry of Health, to implement prevention and education programme.

We have drafted a National HIV/AIDS Workplace Policy along with guidelines to promote a safe, caring and healthy work environment, which is free of stigmatization and discrimination, and promotes the rights of workers whether they are infected and/or affected by HIV/AIDS. It is hoped, Mr. Speaker, that this National Workplace Policy will be tabled in Parliament during the 2005/2006 financial year.

This policy has been accepted by the social partners at the LAC with the exception of one issue, and that is the question of testing at the workplace and for what purpose.

## **9. OVERSEAS EMPLOYMENT PROGRAMME**

The Overseas Employment Programme continues to play an important role in providing employment for many Jamaicans, and has been mutually beneficial to Jamaica as well as the host countries. The programme includes:

- United States Hotel Programme
- United States Farm Work Programme
- Canadian Farm Work Programme
- Guantanamo Bay Skilled Workers Programme

In the past year employment was provided for 14,000 Jamaicans contributing to reduction in unemployment among vulnerable groups while at the same time significantly increasing remittances which benefit not only their families but the economy as a whole.

In 2004 the amount remitted through the Overseas Employment Programme was J\$1.2 billion which represents only 20% of the workers' income. The 14,000 workers on the Overseas Programme therefore earned in excess of J\$6 billion.

**Overseas Employment Programme 20% Compulsory Remittances  
(Million J\$)**

<b>Year</b>	<b>Canadian Farm Workers</b>	<b>United States Farm Workers</b>	<b>United States Hotel Workers</b>	<b>Total</b>
2001	201	205	378	784
2002	223	186	366	775
2003	302	250	445	997
2004	418	236	475	1129
<b>TOTAL</b>	<b>1144</b>	<b>877</b>	<b>1664</b>	<b>3685</b>

## 9.1 Farm Work Programme

Mr. Speaker, in light of technological advances and growing competitiveness with workers from other regions of the world, an increasingly high standard is required for Jamaican workers who wish to participate in both the US and Canadian Farm Work Programme. A number of farms in both countries have computerized certain operations and workers will be required to perform their duties with the assistance of computers.

Literacy and numeracy are therefore now critical for selection on the programme. In the last selection exercise a large percentage of applications did not meet the required standards. Members of Parliament who recommend persons for selection should ensure that there are sufficiently literate. It may therefore be necessary for MPs to assist in identifying or establishing training programmes in the areas they represent. Without such efforts the future of the Farm Work Programme could be seriously jeopardized.

While the overwhelming majority of Farm Workers are men, the number of women on the programme is increasing with 35 women being selected last year for the Canadian programme. The women have been performing very well and with their current advantage in respect of educational levels are

poised to access greater opportunities. One major area of employment for women is hydroponics.

Mr. Speaker, as part of our approach to fully exploit the labour market potential for Jamaican Farm workers we have been establishing strategically located offices to facilitate contacts with prospective employers. Last year we purchased our own office building in Toronto and recently, Mr. Speaker we opened an office in Leamington where we hope to secure jobs in Green Houses. At both gatherings employers expressed their wish for workers who are trainable and those who are computer literate.

## **9.2 United States Hotel Programme**

The Hotel Programme continues to provide needed jobs, Mr. Speaker and after a brief period of uncertainty we are once more on track for future expansion.

President George W. Bush recently signed the “Emergency Supplemental Appropriations” Bill in which the “Save our Small and Seasonal Business Act of 2005 is a part.

The passage of this Bill enables our H-2B workers who have participated in the USA Hotel Programme over the last three years to obtain employment for the 2005 season, as they are exempt from the allotted H-2B visa quota.

Under the United States Department of Homeland Security, a "CAP" of 66,000 H-2B Visas are issued each fiscal year (October through September). Traditionally, Mexico and the Caribbean have been the major recipients of these visas.

Since the beginning of fiscal year 2003, there has been strict enforcement of this "CAP" which for this fiscal year was attained as early as January 3, 2005. Most of the hotel workers recruited from Jamaica are normally employed for the Spring and Summer seasons therefore, the employers would not have been able to file their petitions before the "CAP" was reached as applications cannot be submitted earlier than 120 days before their date of need.

The main components of "Save our Small and Seasonal Business Act of 2005" allows:

1. Any worker who has had an H-2B visa in any one of the prior three years to be exempt from the H-2B "CAP".
2. For a split of 33,000 H-2B Visas for the first half and 33,000 for the second half. This split does not apply to repeat H-2B workers;

3. New “anti-fraud” fee of \$150.00 per employer per petition;
4. Imposition of new sanctions on employers for fraud and misrepresentation; and
5. New reporting requirements by Department of Homeland Security to Congress.

Although there is little possibility for increasing the number of workers this year over 2004, we welcome this news as the Ministry will be able to find employment for a number of those H-2B workers who have travelled on the Programme in the last three years, **thereby maintaining our numbers**, and we are now poised for continued growth.

I must express profound gratitude to all the organizations and individuals who have worked tirelessly for the successful passage of the Bill. The “Essential Workers’ Coalition” in the United States which includes the Jamaican Liaison Service, Florida East Coast Travel Service, employers and their agents, attorneys and associations and the Caribbean Ambassadors to the United States of America.

The Ministry of Labour and Social Security is in the process of preparing workers for an early dispatch.

It should be noted, Mr. Speaker that in excess of 60 per cent of the Hotel Workers are females and this is encouraging as the unemployment among women is very high in Jamaica.

### 9.3 Guantanamo Bay Programme

Mr. Speaker, the Guantanamo Bay Programme continues to provide employment opportunities for our skilled workers and although it is a small programme it helps us secure employment for a number of Accounting clerks, IT workers as well as tailors, store clerks, cooks and barbers.

In recent times a number of Private Contractors have shown an interest in securing their workers through this Ministry and we have expressed our willingness to accommodate them.

## 9. ADVANCING THE SOCIAL SECURITY AGENDA

Mr. Speaker, the Government has recognised that the proper management of the relationship between the labour market and social protection is an extremely important challenge. Over the years we have sought to balance the interests and well-being of the most vulnerable groups in our society as we shape the policies and programmes designed to bring greater flexibility to a dynamic labour market.

While liberalisation and the free market present opportunities, they also bring with them challenges, particularly in terms of issues of poverty and social equity. We know, Mr. Speaker, that attacking poverty calls for opportunity,

empowerment and security for those people who lack adequate food and shelter, education and health, and are deprived of leading the kind of life that everyone values.

It is against this background that this Administration, under the leadership of the Most Honourable Prime Minister, has developed and implemented a number of social intervention strategies to strengthen the capacity of public administration and State institutions to become more responsive to the need of the poor people of this country.

We have not yet accomplished the goals we have set ourselves to alleviate poverty; but, Mr. Speaker, we are proud of what we have done so far in the range of services offered through this, and other Ministries, to tackling the problem.

#### **10.1 Increase in national Minimum Wage**

In keeping with efforts to ensure that the most vulnerable workers are protected whilst at the same time taking into account the concerns of employers, the decision was taken to have annual reviews of the National Minimum Wage and the Minimum Wage for Industrial Security Guards.

As previously announced in the House, with effect from January 31, 2005, the new rate for the National Minimum Wage was increased to \$2,400.00 per week moving from \$2,000.00 per week, an increase of 20 percent. Effective the same date the hourly rate for Industrial Security Guards moved to \$90.00 per hour up from \$80.00 per hour, an increase of 12.5 per cent. Increases in allowances for Industrial Security Guards ranged from 12.5 percent to 17.6 percent.

Mr. Speaker, Minimum wage earners are a very important group in the labour market and in terms of their contribution deserve to be adequately compensated but in setting the mandatory levels of remuneration, government has a responsibility to balance the interests of employers and employees to ensure social and economic stability.

Mr. Speaker, we have seen the National Minimum Wage moved from \$800.00 per week in July of 1996 to \$2,400 per week in January of this year, representing an increase of 200 percent over the period. At the same time, the accumulated rate of inflation over the same period amounted to 89.7 percent, which clearly shows that we have been able to improve the standard of living of the most vulnerable working group in society.

I however use this opportunity to once again urge all employers who can pay more than the Minimum wage to do so as it intended only as a level below which no worker should fall.

Mr. Speaker, the priority that this Administration has placed on social sector spending, particularly in the areas of Health, Education, Social Security and Welfare is demonstrated by the fact that during the ten-year period 1996/97-2005/2006 a total of J\$325 billion was allocated in the Estimates of Expenditure for these critical areas. Of the total of J\$ 350 billion in the Estimates of Expenditure for 2005/2006, Ministries with responsibility for Health, Education and Social Security combined account for J\$55 billion or approximately 16 percent.

A crucial dimension of the social protection system is the provision of social assistance benefits to poor households and vulnerable groups such as the elderly and persons with disabilities. The development oriented approach and the institutional and legislative measures being pursued under the Social Safety Net Reform, particularly through the Programme of Advancement Through Health and Education (PATH), are expected to significantly increase the impact of these provisions.

## **10.2 Programme of Advancement Through Health and Education (PATH)**

Since inception of PATH in March 2002 as part of the Social Safety Net Reform, Mr. Speaker, over 180,000 persons have benefited from the programme with total expenditure to date being J\$1.88B. In the financial year 2004/2005 direct benefits accounted for 90% of expenditure and administrative costs the remaining 10%. This represents a significant gain in administrative efficiency when compared with the ratio of direct benefits to total expenditure under the major income support programmes (Food Stamp, Old Age & Incapacity Allowance, Outdoor Poor Relief) before the reform.

The programme is fulfilling its objective of reaching the poor and most vulnerable groups in the society. This is evidenced by the result of an impact assessment which has shown that PATH is the best targeted social assistance programme that has been implemented in the country when compared with previous and existing programmes.

In respect of the human capital investment approach embodied in the programme there are many positive trends. For example, immunization rates have significantly increased for children on the programme. Similarly, some schools have reported increased attendance as a consequence of the implementation of PATH. A total of 106 schools with PATH beneficiary students were selected island-wide, and school attendance compared for

specific periods for 2003 and 2004. The results indicated that school attendance increased in 85 percent of the schools for the review period. Many beneficiary families have reported that they are now better able to manage their financial affairs because of the grants received under the programme. This coupled with the case management interventions has contributed to the increased trend observed in attendance.

This indicates that we are on track to achieving the underlying objective of PATH, which is to break the intergenerational cycle of poverty. This is supported by the Jamaica Survey of Living Conditions for 2004 which indicates that the incidence of poverty declined to 16.1 percent as compared with 19.7 percent in 2003. The implementation of PATH has been cited as one of the contributing factors accounting for these results.

Priorities for 2005/2006 include completion of consultations on the draft Bill for the National Assistance Act and the passage of this legislation which is aimed at consolidating the institutional framework required for the long term success of the social safety reform.

Emphasis will also be placed on recertification to ensure that persons whose socio-economic conditions have improved are weaned from the programme. In addition, the case management approach will be strengthened and new initiatives explored to increase compliance levels in respect of both health and

education conditionalities. Operational systems and procedures are also being reengineered for greater efficiency in the processing and approval of applications for benefits.

## **11. NATIONAL INSURANCE SCHEME**

The National Insurance Scheme (NIS) which is based on ILO Minimum Standards for Social Security provides old age pensions as well as a range of other benefits for workers (employment injury, disablement, maternity pay for household helpers) and their dependants (funeral grants, widows/widowers, orphans). A continuing concern is the coverage gap resulting from the large percentage of the labour force in informal employment and not contributing to the scheme, contrary to the provisions of the NI Act.

Notwithstanding this trend, increased participation of informal sector workers in the NIS is anticipated based on the launch of a rigorous public education drive promoting awareness of provisions of the scheme and highlighting initiatives which improve its attractiveness. The latter includes the periodic increases in benefits levels and the recent enhancement of the scheme by the introduction of a pensioners health plan (*NIGOLD*) based on the robust performance of the National Insurance Fund (NIF).

The introduction of the pensioners health plan (NI Gold) has proven to be a very valuable enhancement for the NIS beneficiaries with a total of J232.8M has been provided in benefits since its inception.

A major achievement this year is the National Insurance (Validation and Amendment) Bill 2005. In addition to validation of increases in NIS benefits and the lifting of the insurable wage ceiling, this bill includes other very important provisions which will improve efficiency and effectiveness in the administration of the NIS. These are as follows:

[a] Granting of ministerial powers to make increases subject to affirmative resolution by Parliament will ensure greater timeliness in the approval process while retaining parliamentary scrutiny.

[b] Amendment of Section 13 of the NI Act to provide payment of orphan benefits to children under the age of 18 where any one of the deceased parents meet the relevant contribution conditions whether or not they were married. Previously this benefit was only available to a child whose parents were married.

[c] Amendment of Section 48 of the Act to substantially increase the maximum sum awarded to a prospective beneficiary under the NIS who lost a benefit due to the tardiness of an employer in not paying over contributions deducted to the National Insurance Fund. The maximum sum has been increased to \$575,000 from a mere \$600.

[d] Amendment of the Second Schedule of the Act to ensure that all sums earned in insurable employment will be applicable for deduction of contributions. This will result in greater benefits for workers.

### **11.1 National Insurance Fund**

The National Insurance Fund performed very well in 2004/2005 as in previous years. Investment income grew by 23 percent. The fund now stands at approximately \$39B. The growth of the fund is for the benefit of contributors/pensioners and in this financial year, another adjustment will be made to NIS pension benefits.

Some new investment options are also being explored for 2005/2006 to contribute towards stimulation of economic activity. Any group with bankable project ideas may approach the NIF for consideration.

In addition Mr. Speaker, a proposal is currently being developed to assist small businesses and micro enterprises. With research showing that more than half of the labour force is in the informal sector, it is very critical that this segment of the economy be supported to generate increased viability and job creation.

Mr. Speaker, concerns have been expressed about the limit on the payment of National Insurance pension arrears for late claims. At present, arrears are

paid for one year. The basis for this is that pension fund managers have to be certain of liabilities and future obligations, and where the provision for arrears is open ended, this becomes very difficult. This accounts for the fact that in other jurisdictions, the limitation for arrears ranges between 3-6 months. Jamaica has in place reciprocal Social Security agreements with other countries including Canada, the United Kingdom and our CARICOM partners. Our legislation must therefore be consistent to ensure equality of treatment. This limitation will remain in force but in extenuating circumstances, the law makes provision for ministerial discretion to be exercised.

## **11.2. CARICOM Social Security Agreement**

Mr. Speaker, as part of provisions under the CSME, the CARICOM Agreement on Social Security seeks to safeguard the benefits of migrant CARICOM workers within the region and ensure equal treatment as they move from one member state to another. It allows for benefits to be determined and payments made based on all the contributions made to several different social security organisations. This provides a guarantee against the loss of benefits due to insufficient contribution periods to any one social security organisation.

### **11.3 Policies and Programmes for Persons with Disabilities**

The National Policy on Disability based on the United Nations Standard Rules for the Equalization of Opportunities for Persons with Disabilities, continues to provide the contextual framework for the implementation of programmes for persons with disabilities while work advances on the Disability Act to further strengthen enforcement of the rights of the disabled.

In May 2004 the first regional meeting of CARICOM Ministers with responsibility for Disability issues was convened in Jamaica as part of ongoing efforts to create an enabling environment to ensure the full participation of persons with disabilities in all spheres of society. This event was very successful and resulted in the adoption of the Kingston Accord, a framework agreement for a regional action plan on disability.

This agreement was ratified by Cabinet in June 2004 and indications are other governments in the region have done likewise or are in the process of doing so.

At the international level, since 2004 Jamaica has been playing an active role in the United Nations process for the elaboration of an international convention to safeguard the rights of persons with disabilities.

Mr. Speaker a major challenge confronting persons with disabilities is high rates of unemployment. The public sector is the major employer of persons with disabilities. A disability Fair will be held in July to sensitise to the general and private sector entities on the capabilities of persons with disabilities with a view to increasing employment levels.

#### **11.4 Policies and programmes for Senior Citizens**

The social, educational, training and welfare programme operated by the National Council for Senior Citizens are serving to ensure that the needs of the increasing population of elderly are met and that they continue to participate actively in national development. Elder abuse and the impact of crime and violence on seniors are areas of concern currently being researched for the formulation policies and strategies to combat these negative trends.

### **12. Hurricane Recovery Programme**

Mr. Speaker, several reports have been presented to the House in respect of the Government's response to households impacted by Hurricane Ivan but it is important for me to provide a further update.

The Assistance to affected families has been provided in various phases covering Emergency, Recovery and Rehabilitation.

During the Emergency and Recovery phases, relief totalling J\$544M was provided to the most vulnerable groups islandwide including PATH beneficiaries and pensioners.

In addition, J\$439M in Rehabilitation grants has been disbursed to over 46,000 families whose homes were totally destroyed or severely damaged. These payments were made in the Southern parishes which were most seriously affected by the hurricane. I am pleased to announce Mr. Speaker, that a further J\$80M will be distributed to 7,870 families in the Northern parishes starting this week. Another 3,000 households in Hanover and St. Ann which are included in this region will be assisted with repairs to their homes under a special USAID Project.

Budgetary provision has also been made for persons slated to receive benefits in the minor damage category. It is therefore expected that payments to all categories will be completed shortly.

These efforts Mr. Speaker, demonstrate the commitment of this government to facilitate the country's full recovery from the impact of Ivan.

### 13. CONCLUSION

Mr. Speaker, the Ministry of Labour & Social Security had a very challenging year, but we can look back with pride at what we have achieved. Even as we speak, the full effects of an open economy set in a global free market have not yet been visited upon us as a country. We know of the threats, we know what are our strengths and weaknesses, and the opportunities which will

arise when there is a common economic space in the region and the wider Americas.

We must be able to withstand these challenges and threats, even as we exploit the opportunities, and make full use of the advantages we have as a country and a people. This is a time, Mr. Speaker, for visionary leadership, and a deep sense of commitment to the future of this country. We are blessed to have this leadership in Prime Minister P J Patterson, and the commitment expressed through a Government that puts people first.

For our part, Mr. Speaker, the Ministry of Labour & Social Security has been fulfilling its mandate to prepare a dynamic and flexible labour market, driven by improved productivity and increased competitiveness. It is a labour market that must advance the cause of every single Jamaican by providing hope for every child; opportunity for every worker, and security for every pensioner - A labour market in which all must share in a common sense of value and human dignity.

This is why, Mr. Speaker, we have re-affirmed our commitment to the principles of the International Labour Organisation, and have further the cause for social dialogue and tripartism through the Labour Advisory Committee.

This is why, Mr. Speaker, we commissioned a study of labour administration in Jamaica so that the institutional capabilities to drive the economic and social policy agenda can be strengthened.

Mr. Speaker, this is why we are ready to join our counterparts in Barbados and Trinidad to advance the work on the harmonization of labour laws and the creation of a unified social security system as part of the requirements of the single market and economy.

This is why, Mr. Speaker, we have launched a series of Sensitization Programmes to foster a culture of productivity and to fulfil the desire to have every company sharing in a productivity scheme where management and workers can contribute to the value-added of the production process, and share in the reward of their efforts.

Mr. Speaker, our industrial relations machinery is being strengthened, and the Industrial Disputes Tribunal to be re-organised, to provide access to the dispute resolution machinery for those workers who are not members of a trade union.

This is why, Mr. Speaker, the Occupational Health and Safety Act will be a reality so that no worker is left exposed to occupational accidents, which can result in dismemberment or death.

This is why, Mr. Speaker, we have increased the National Minimum Wage last year, and will do so again in January of next year, so that the lot of the marginalised workers in our society can be improved to provide an opportunity for meaningful existence.

This is why provisions under the National Insurance Scheme, PATH, National Insurance Fund and other social intervention programmes have been increased over the years, because no Jamaican shall be left behind in advancing a better society.

This is why, programmes and policies for securing a better life for the disabled, remain a priority of this Ministry because the full potential of every Jamaican must be utilised for the benefit of this country.

Mr. Speaker, we have outlined a clear and definite future that will build a world class labour force, ready for the challenges of global competition, and firm in the knowledge that the hopes and aspirations of future generations now rest in safe and secured hands.

Thank you.

Hon. Horace W. Dalley M.P.

Minister of Labour and Social Security