

**2004/2005 SECTORAL DEBATE PRESENTATION BY THE HON.  
HORACE DALLEY, MINISTER OF LABOUR AND SOCIAL  
SECURITY ON JUNE 30, 2004**

**1. INTRODUCTION**

I welcome the opportunity, Mr. Speaker, to once again address this Honourable House on my stewardship first, as a Member of Parliament, representing the constituency of North Clarendon, and second, as Minister of Labour & Social Security.

I begin with a deep appreciation to my family and constituents, whose support and understanding have made it possible for me to effectively balance the responsibilities between constituency representation and ministerial duties in ways which have proven to be quite beneficial.

I also want to thank especially the Prime Minister, for affording me the opportunity to serve as Minister of Labour and Social Security. My stewardship in the ministry has been made much easier by the style and quality of leadership he has provided. His approach to governance has fostered a non-combative and amicable environment for the conduct of the nation's business which has contributed to a stable and harmonious industrial climate.

I would also like to express thanks to my colleagues in the Ministry of Labour & Social Security - my Minister of State, Senator Floyd Morris, who has kept the flag flying high at the Social Security side of the Ministry; the Permanent Secretary, Mr. Alvin McIntosh, for his diligence to duty; and the Directors and staff at the Ministry - including the office attendants, the cleaners and other ancillary staff - whose contribution means so much to the success of our work, and to whom we must often find the time to stop and say "thanks".

Mr. Speaker, last year, for good reasons, I was not able to make my contribution to that important Budget Debate. So it will be the first opportunity for me, as Minister of Labour & Social Security, to speak to this Honourable House on the work we have been doing, and intend to do to ready the Jamaican labour market for the challenges and opportunities which will accompany the opening up of the economic space in the hemisphere when the terms of trade under the FTAA are finally settled.

I want, therefore, Mr. Speaker, to appropriately make my presentation in the context of the debate on human resource development, and to do so in two broad areas: firstly, to outline the context within which, both as a MP and as Minister, I have sought to direct the work in the constituency and the Ministry. And secondly, the progress we have made so far in both, and the challenges we have set ourselves over the next twelve months.

Importantly, Mr. Speaker, I want to be judged on the commitment we made in seeking a mandate from the people in October 2002 to advancing the quality society. I quote from the PNP's Manifesto where we spoke about deliberately setting the task "to provide a participatory framework for the society to benefit...", and to build on the proud tradition "of visionary leadership that places primacy on the development of vibrant communities as critical step in nation building."

I remind this Honourable House of our conviction to quality education and training as "key to wealth creation and social and economic advancement...", about the need "to foster democratic renewal..." among stakeholders, and our bold and coherent response "to actively pursue an international trade policy that emphasises diversification of the nation's productive capacity, increasing international competitiveness and undertaking more targeted market penetration."

## **2. CONSTITUENCY ACHIEVEMENTS**

In an effort to advance that quality society, Mr. Speaker, we took the deliberate decision to focus on three areas of constituency development. One important area was the upgrading and provision of physical infrastructure development to improve market access for

agricultural products and the overall free movement of goods and services between communities.

The second was to improve social infrastructure in areas which enhance the quality of life of the people and expand accessibility to social amenities and basic needs. This, Mr. Speaker, is the foundation on which the constituency, and indeed, the society, must seek economic transformation through investment opportunities and job creation.

The third area, Mr. Speaker, is to ensure that we have the human resource capabilities to either create jobs, or to export our skills in markets which have available job demands to match the skills and competence of our workforce, be it in the constituency or the society.

I want, therefore, to briefly highlight a number of these achievements in the Constituency, and spend the greater portion of the time highlighting the work of the Ministry.

### **2.1 Farm Roads upgrading**

During the past twelve months, Mr. Speaker, we have upgraded several miles of farm roads in North Clarendon, covering such communities as Pennants Crawl, Mears Crawl, Red Hills, Collington, and from Crofts Hill to Jericho. This means, Mr. Speaker, that we have been able to open up the

opportunity for hundreds of farmers to be able to move their produce to the market for sale.

## **2.2 Education and Training**

Already, Mr. Speaker, we have equipped primary schools in the constituency with computer facilities to improve the rate of computer literacy in the schools.

Mr. Speaker, we are also ensuring that no child is deprived of the right to an education because of a lack of economic resources. To this end, Mr. Speaker, we continue our back-to-school programme to provide - children with financial assistance.

This year we plan to spend less, because we expect that fewer families will be dependent on the programme, as a result of the increased employment opportunities derived from training.

One area in which we have been emphasising training, Mr. Speaker is the increasing opportunity for overseas employment. This programme is designed to provide young men and women in our communities with the skill

requirements that will improve their employability for jobs not only in Jamaica, but elsewhere as a result of the free movement of labour. We are aware of the spin-off effects derived from overseas employment, and will be intensifying that programme during the coming year.

### **2.3 Housing Assistance**

One area of basic needs, Mr. Speaker that has become a priority concern for us is the provision of housing. We have been able to refurbish a number of houses for the indigents so that they can be comfortable in the winter of their years.

I must once again place on record my deepest appreciation to my constituents and in particular, the group leaders, Councillors, and members of the divisional and constituency executives, who continue to show the kind of commitment and devotion to duty that has truly made us proud in North Clarendon.

### **3. MINISTERIAL PORTFOLIO**

Mr. Speaker, I now turn to my portfolio responsibility as Minister of Labour & Social Security, and begin by examining the context within which, as a country, we have to operate. I believe, Mr Speaker that many Jamaicans have come to realise that the survival of our economy today depends on our ability

to maintain a competitive advantage in a global economy governed by open trade.

Today, we witness the pace at which regional and local economies are positioning themselves to be part of this global economy. Mr. Speaker, many of these economies have begun improving their infrastructure, legal apparatus, social and economic institutions and human resource capabilities, so as to be able to compete and exchange fairly and equitably in the global market.

In the region, Mr. Speaker, we are working to fulfil the requirements of the CARICOM Single Market and Economy (CSME) and the Free Trade Area of the Americas (FTAA), so that the Caribbean, as an economic entity, can have the opportunity to compete on a level playing field and exploit the competitive advantage we have as a region. This undoubtedly poses enormous challenges to small, vulnerable countries like Jamaica that have been protected for decades by special and preferential trading arrangements out of Europe.

A great part of that challenge, Mr. Speaker, comes in the reform of our labour market and how quickly we can adapt to the new changes in employment practices, and how rapidly the workforce can be educated and trained to meet these new

demands. It is through the flexibility of our employment relations, working time; methods of payments and work organisation that we can truly hope to make Jamaica the preferred choice for investment opportunities.

We have seen, for example, Mr. Speaker, considerable changes over the last decade in the nature of our employment. For instance, there has been a dramatic shift towards a service industry, where 63.2 percent of the workforce is employed in the service sector, as against 36.8 percent in the goods producing sector. We therefore have to focus on the skills and competencies to ensure that our labour force maintains a competitive advantage in a rapidly changing labour market.

And so, Mr Speaker, we have come to realise that the intense global competition for market access has resulted in the adoption of two approaches to gain competitiveness. One approach, Mr. Speaker, is to associate competitiveness with cheap labour, poor working conditions, minimum health and safety standards, denying the right to freedom of association and the right to bargain collectively. It is believed that this will ultimately reduce costs and make for cheaper and, hence, more competitive prices for goods and services.

We have rejected this approach as destructive and exploitative, and can provide no sustainable improvements in efficiency and productivity.

The second approach, Mr. Speaker, is a regional approach we have adopted known as the 'high-road partnership' approach. In this approach, Mr. Speaker, we see a connection between better labour-management relationship, through social dialogue, information sharing, communication and transparency and improved efficiency and productivity. What this means, Mr. Speaker, is that through the quality of our human and capital resources we can attract investments, create jobs and advance the quality society that is the hopes and aspirations of thousands of Jamaicans.

It is in this context, Mr. Speaker, that the Ministry has identified its role as critical in facilitating a productive economy, driven primarily through the process of labour market reform with emphasis on productivity improvements, on the one hand; while, on the other hand, ensuring that the market, institutions and society function to reduce poverty, protect the most vulnerable, improve health care and enhance the ability for improvements in the overall well-being of the Jamaican people.

Mr. Speaker, the 1996 Report of the Labour Market Reform Committee, chaired by Professor George Eaton, provides a framework for our work in the Ministry. The Prime Minister must be commended for his foresight in the establishment of this Labour Market Reform Committee in 1995, with a view to positioning Jamaica to take its place in the emerging global economy.

### **Promoting Productivity Improvements**

Mr Speaker, a recent study done on behalf of the Planning Institute of Jamaica, which was referred to by the Leader of the Opposition in his Budget contribution, revealed that Jamaica's productivity has been the highest between 1954 - 1960, the period of highest international investment inflows. This continued through the 1960s, but has fallen off in the last thirty years due to a combination of factors, including a fall off in international investment flows, the oil price shocks of the 1970s and two international recessions.

But since the 1990s, Mr. Speaker, the government has embarked on a comprehensive economic and social reform programme to correct these imbalances and meet the requirements of a vastly more integrated world economy.

These attempts at improving the competitiveness of the economy have focused on macro economic stability, efficiency in government, business efficiency, a harmonious industrial climate and infrastructural development. These are very important to us in the Ministry of Labour & Social Security because we accept the view that competitiveness is dependent on productivity, and that our competitive advantage is created in our firms and industries.

Some people are of the view that our competitiveness could be enhanced by becoming a low-wage destination. This government, Mr. Speaker, rejects any notion that seeks to use low labour cost to play us off with other countries for comparative advantage in what has been described as a race to the bottom.

And we are not alone in rejecting this notion, the Manager of the Private Sector Development Department of the World Bank, Mr. Shyam Khemani, wrote the following: **“Comparative advantage is not competitive advantage. Countries that have low labour costs may have a comparative advantage. But many of these countries are caught in a cycle of poverty and slow development, and that does not necessarily mean they are competitive.”**

And so, Mr. Speaker, while we are seized with a sense of urgency about improving competitiveness, and have created a shared vision of what competitiveness is, this government has no intention of joining that race to the bottom by comparing ourselves with low wage destinations in those countries of the Far East and Latin America to suppress the rights of workers and deny them the benefits of free collective bargaining by turning back the hands of time to the dark days of the 1930s.

We have facilitated the environment for improving productivity and these initiatives have begun to pay off Mr. Speaker. The World Bank reports that Jamaica is now ranked in the top ten countries to do business. This is evidenced by the fact that in terms of investments in tourism, bauxite & alumina production, telecommunications and information services, Jamaica now enjoys the highest levels of foreign direct investments in its history, surpassing the earlier period of the 1950s and 1960s.

The Bauxite Sector, Mr. Speaker, is demonstrating that high wage and improved productivity can go hand in hand. In that sector, for example, we have seen where alumina produced per employee went up by 24.8% between 1999 and 2003.

We have taken on board, quite seriously, Mr. Speaker, the need for us to increase our international competitiveness and productivity to achieve sustained economic growth and to create wealth, which the World Bank acknowledges, have significantly declined during the 1990s.

This is why, Mr. Speaker, we launched the National Productivity Centre in March of this year, the result of the collaborative efforts of the Ministry of Labour, the Jamaica Employers Federation and the Jamaica Confederation of Trade Unions. The Centre is established to promote the concept of productivity, and serve as a catalyst for the development and implementation of the productivity improvement initiatives within both the public and private sectors.

The Productivity Centre, Mr. Speaker, will create an awareness and a productivity culture which result in -

- Lowering costs so as to make our goods and services more globally competitive;
- Improving the profitability and efficiency of our businesses;
- Increasing capital formation thus creating more employment opportunities;

- Improvements in all aspects of work, and an overall increase in the standard of living of the Jamaican workers.

Mr. Speaker, the Productivity Centre will serve as a resource base for all matters relating to national productivity, and allow for the exchange of expertise and the sharing of experiences between local business sectors and their international counterparts.

The Centre, Mr. Speaker, will be collaborating with local and overseas based tertiary institutions and training organisations to develop and conduct training programmes aimed at improving the competencies of individuals in the areas of productivity facilitation and management. The programme will inform and sensitise the public on the issues of productivity and the benefits to be derived for the country.

Since its inception, the Centre has provided valuable technical assistance to the Ministry through an Operations review of the National Insurance Department Claims Division, and is now conducting seminars within the Ministry on “Performance Objectives Setting and Monitoring” in keeping with its planned implementation of the Public Sector’s Performance Management Appraisal System.

There is every indication to show the seriousness of the government in addressing the issue of competitiveness. Indeed, Mr. Speaker, we have seen improvements in Jamaica's position in so far as its business competitive ranking is concerned over the last two years, putting us ahead of such countries as Argentina, Venezuela and Dominican Republic in terms of business competitiveness.

We acknowledge the need for improved competitiveness, Mr. Speaker, but it is important that we are not misled by statistics which give half the picture. The litmus test of our competitiveness is in the inflow of direct investment to this country. In 2001 we were ranked 23 out of 140 countries in terms of the inward FDI performance index. This puts us ahead of Trinidad, the Bahamas, Brazil, Mexico and the Dominican Republic.

Recently, Bear Stearns expressed optimism about Jamaica's mid-term prospects based on upcoming foreign direct investment projects, and predicted an even higher growth rate than the 2.5 to 3 percent forecasted.

The final endorsement comes, Mr. Speaker, from the following quote:

**“Although Jamaica faces some significant challenges in its effort to spur growth and create employment opportunities, the country’s assets, including its labour force and strong social and governance indicators, help to position the country well for a future economic rebound.”**

It is not, Mr. Speaker, as some would have guessed, from the Minister of Finance or the Prime Minister, but from the World Bank’s Country Director for the Caribbean region, in a World Bank Study released earlier this year.

### **Labour Market Information System**

Mr. Speaker, we are continuing our programme to market the Labour Market Information System, LMIS, to create an awareness about the existence of the website and to encourage its use. We are proud of the work done so far, and in fact, it is work also acknowledged by others. The Jamaican Centre was used as a model by the Tanzanians, and is the leading country within the Caribbean in terms of the advancements made to access labour market information.

Today, Mr. Speaker, from the website, you have a one-stop location for information on youth programmes, Community Colleges, Universities and tertiary institutions, Vocational training, accreditation boards, information on the National Health Fund, the PATH Programme, NIS benefits, and the recently launched NI Gold.

Additionally, Mr. Speaker, we have information on developing trends in the labour market, including available skills, current demands based on vacancies and approved work permits, and where new jobs are currently emerging. We now have over 6,500 job seekers registered on the website, nearly 1,200 individual employers, and approximately two hundred companies.

Mr. Speaker, we are coordinating our efforts in the region through the Caribbean Labour Market Information System or CLMIS. We have started the revision of the Jamaica Standard Occupational Classification with updates on two classifications - Information Technology and Communication Services.

In addition, Mr. Speaker, the CLMIS project includes the enhancement of both the Occupational Wage Survey and Labour Force Survey, so that relevant and up-to-date labour market indicators can be shared with our regional partners and be readily available for ready analysis and comparison.

Once more we have to thank the United States Department of Labour for their contribution to the development of this programme.

### 3.3 Flexible Work Arrangement

Mr. Speaker, in furthering the Government's commitment to creating a secure platform for sustainable economic growth, increased productivity, job creation, and increased investments in an efficient modern economy, we have been pursuing the goal of flexible working arrangements. Employers look to more flexible working time arrangements to increase productivity and cost effectiveness within their enterprises; to attract investment by ensuring that a flexible, skilled workforce is available; to use capital resources more efficiently; to provide wider services to customer on whom their profitability depends; and to contribute to the flexibility required to compete globally.

Workers desire working time arrangements that give them more control and influence over their working time, enhance their ability to balance work, worship and family life, and provide opportunities to pursue further training and education.

The Government, Mr. Speaker, does not intend to introduce a "Flexible Work Arrangement" Law. Instead, a number of existing pieces of legislation will be amended to accommodate contractual agreements between employees and employers

with respect to flexible work arrangements at the enterprise level.

The Government is moving to provide the legislative, administrative and arbitral framework within which the various options for flexible work can be securely pursued by employees and employers to their mutual advantage.

Earlier this year, we were provided with assistance from the ILO to develop a National Plan of Action, and I have requested that further meeting be held with the group of concerned church leaders to find an appropriate way to address the issues raised by them.

To this end, Mr. Speaker, we will be reactivating the Joint Select Committee of Parliament for bipartisan deliberation, amend the relevant laws, and conduct a comprehensive public education campaign towards building public understanding and support.

### **3.4 Reform of Labour Laws**

Mr Speaker, coming out of the Eaton Report, we embarked upon a reform of the labour laws to provide the institutional and legislative framework for the labour market reform to foster:

- Enhanced productivity

- Increased competitiveness
- Improved labour relations

The Labour Relations & Industrial Disputes Act and the Trade Union Act have already been amended. I mentioned earlier, Mr. Speaker that a number of other pieces of legislation will also have to be amended in keeping with the flexitime arrangements. Some of the Acts which are up for amendments include the Shops & Offices Act; the Women (Employment) Act; the Holiday with Pay Act; the National Minimum Wage Order; the Maternity Leave Act; and the Employment (Termination and Redundancy Payments) Act.

Questions have been raised about the impact of some of our labour laws on investment potential. We have heard the arguments from both sides and believe they are sufficiently compelling not to be ignored. To this end, Mr. Speaker, we have contracted a research consultant from the Department of Management Studies at the University of the West Indies, to examine the impact of our major labour laws on the efficiency and competitiveness of enterprises and make recommendations. That will be the basis for our involvement in the discussions.

It is important, Mr. Speaker for the House to understand that the approach to amending the laws involve the widest possible

consultation through the Parliamentary system, and an attempt to at least achieve consensus among the social partners at the level of the Labour Advisory Committee. It does add to the length of time, Mr. Speaker, to complete the process, but in the end we are confident that what we have is the result of the fullest participation and involvement of all the stakeholders.

### **Strengthening of the Industrial Relations Machinery**

Mr. Speaker, with the new challenges in the labour market, it has become important for us to restructure the industrial relations machinery. Steps have been taken to modernise the existing dispute settlement system by strengthening the Industrial Disputes Tribunal and the Conciliatory machinery of the Ministry. Regional offices of the Ministry have been re-established to make it easier for members of the public to access the services provided by the Ministry.

#### **4.1 Conciliation Section**

During the last year, Mr. Speaker, the Conciliation section continued to pursue its mandate of promoting and maintaining industrial harmony at the workplace.

Some seemingly intractable disputes occurring in important sectors of the economy, such as in the Construction Sector, in

the Financial Sector, in the area of Shipping and the Light and Power Sector have been resolved. Indeed, 104 of the 164 disputes before the Ministry in the calendar year 2003 have been disposed of.

Mr. Speaker, the Pre-Conciliation Unit that is an arm of the Conciliation Section also played an important role during last year. It continues to anticipate areas of industrial disputes by monitoring wage contracts, offering advice and also assistance to labour and management on disputes brewing in the enterprise. We are proud of the fact, Mr. Speaker, that the Unit has been able to avert a number of threats of industrial action.

Mr. Speaker, we continue to experience some difficulty with the definition of a “**worker**”. In March 2002 we amended the Labour Relations & Industrial Disputes Act to define a worker in terms which would curtail the mischief brought about by the phenomenon of the use of the term “**independent contractor**” for persons who by the pragmatic test would, in fact, be a worker.

But Mr. Speaker, we have seen too often where a number of our employers, aided and abetted by their lawyers, have chosen to ignore the law and continue to deny workers statutory benefits and the right to be represented by the union of their choice.

And so the process of many representational rights claims have been delayed because of the continued claim by certain employers that the individuals who work for them are “independent contractors”. I must warn these recalcitrant employers, Mr. Speaker, that the Ministry will not countenance any strategy to deny individuals who are genuine workers their rights. If needs be, these employers will be dealt with to the fullest extent of the law.

At the same time, I want to commend those employers who have embraced the unions as partners and are working towards a more co-operative approach to the business of industrial relations. We have seen, Mr. Speaker, where this partnership between the unions and management has provided for a win-win situation, and want to encourage those best practice approaches, which have been endorsed by the ILO Caribbean Office through the PROMALCO programme. These are indeed examples worthy of emulation.

#### 4.2 **Industrial Disputes Tribunal**

Mr. Speaker, the Industrial Disputes Tribunal continues to perform creditably. During the last fiscal year the Tribunal handed down a total of sixteen awards, which represented an increase of twenty-three (23%) over the period last year.

Mr. Speaker, it is of interest to note that all outstanding disputes have been cleared by the Tribunal.

It is interesting to note, Mr. Speaker, that under the Labour Relations & Industrial Disputes Act (LRIDA), the tribunal may give reasons for its award, if it considers it necessary. However, in recent times, the Tribunal has been giving reasons for all its awards, which has had a significant impact on its consistency and credibility.

In order to upgrade its skills and capabilities, members of the IDT underwent a comprehensive training programme in 2002 at the Justice Training Institute. We intend to have further training among IDT personnel to broaden their understanding on the various aspects of labour laws.

Mr. Speaker, I am pleased to inform this Honourable House that the Computer Aided Transcription (CAT) has now been introduced at the Tribunal. We are currently training the stenographers in the use of this technology, and expect that this will speed up the transcription time for notes of evidence, resulting in the expeditious handing down of Awards.

Mr. Speaker, the Tribunal's office space has been expanded to include an additional conference room for hearings as well as a caucus room where parties can meet to have discussions. A research unit has also been established with the responsibility for making information more readily available to both the internal and external clients of the Tribunal.

Today, Mr. Speaker, the Tribunal consist of a Chairman, Deputy Chairman, and six members representing the trade unions and the employers, and they are supported by a Research Officer, Attorney, a Secretary, an Assistant Secretary and Steno Writers.

#### 4.3 **Pay and Conditions of Employment**

The Pay and Conditions of Employment Branch, Mr. Speaker, is a critical arm of the Ministry, established for the protection of **non-unionised workforce**. It forms part of the industrial relations machinery and is responsible for ensuring compliance by employer and employees with the various pieces of labour legislation.

Mr. Speaker, in carrying out their functions , officers visit industrial undertakings and commercial entities throughout the island to inspect record, investigate complaints and deal with matters relating to the conditions of employment of workers.

During the period April 2003 to March 2004 the Branch received one thousand seven hundred and forty seven (1,747) complaints from non-unionised workers. Two hundred (200) inspections were done and two hundred and seventy nine (279) investigations carried out. As a result, Mr Speaker we were able to ensure the payment of over J\$3 million to cover workers' entitlement.

Up to January of this year, Mr. Speaker, we have trained and certified five inspection officers who will be assigned to the parishes of St. Mary, St. Ann, St. James and Hanover.

Mr Speaker, as Minister of Labour I have a deep concern for those non-unionised workers such as Security Guards, Shop Clerks, Domestic Helpers, agricultural labourers and others who are sometimes denied access to basic benefits and rights of workers such as holiday with pay, sick and maternity leave. In keeping with our commitment to decent work as promoted by the ILO, I encourage all employers to ensure that these benefits are extended as provided for in the law. I am aware that in many instances some of these workers, in particular Security Guards, are treated as independent contractors, and it is therefore argued that they are not entitled to certain benefits. The recent amendment to the LRIDA we hoped, would have

settled this issue, but we have found Mr Speaker, that Security Guards are being employed on terms and conditions consistent with that of a worker. However in respect of benefits, they are not being treated as workers.

Mr Speaker, I will be taking to the Labour Advisory Committee (LAC), a proposal for the amendment of the LRIDA to permit the individual worker to have access to the IDT as under the present provisions individuals not covered by a collective bargaining unit cannot take their case to the Tribunal for adjudication.

Mr. Speaker, I previously indicated that there would be an annual review of the Minimum Wage in order to avoid sharp increases at a single point in time. Accordingly therefore, I have requested that the Commission make recommendations for the new Minimum Wage to become effective in January 2005.

#### 4.4 **Industrial Safety Department**

Mr. Speaker, this year, Jamaica, like other nations of the world is committed to making its workforce ready for globalisation and its impact. If we are to become competitive and achieve development and growth then we have to focus on occupational safety and health.

Occupational safety and health are of primary importance to all sectors of our society for social and economic development and growth. Although only about 5 percent of the labour force is presently covered by the current legislation supervised by the Industrial Safety Department, they remain committed to the maintenance of suitable occupational safety and health standards at industrial and commercial undertakings throughout the island.

Mr. Speaker, I am pleased to announce that the final review of the draft Occupational Safety and Health Act is now complete, and I expect that the tabling of the Bill will be done in this fiscal year. We do anticipate, Mr. Speaker, that by 2006 the number of workers covered under the Occupational Health and Safety Act will move from 5 percent to 85 percent.

Over the last year, Mr. Speaker, 101 accidents were reported, nearly 84 percent of those qualified for investigation was investigated. This represents a 5.5 percent decrease in activities over the period 2002.

Mr. Speaker, the focus last year was on international safety and health issues that impacted on the Jamaican workforce. In

collaboration with other Departments and Ministries, the Industrial Safety Department was involved in prevention and education programmes including:

- The Prevention of the Worst Forms of Child Labour
- The Safe Use and Handling of Asbestos
- HIV/AIDS and the World of Work
- The Preparation of a National HIV/AIDS Workplace Policy
- Preparation of the Ministry's Life Threatening Illness Policy

#### 4.5 **Child Labour**

Mr. Speaker, the issue of child labour although not as grave as what obtains in some countries, is a matter of concern to us. A national survey conducted in 1994 found that 22,000 or 4.6% of children within the age group 6-16 years were involved in child labour.

Mr. Speaker, I am not talking about children doing domestic chores or assisting parents in light work. Indeed this has traditionally been a very useful element of the socialization process where children learn to be responsible adults.

What I am referring to Mr. Speaker, is the kind of work that threatens the development of the child:

- Children involved in commercial sexual exploitation, drug trafficking, working in marijuana fields.

I am happy to report Mr. Speaker; our national programme on the prevention and elimination of child labour has achieved much success to date. A recent survey on child labour conducted by STATIN with support from the ILO and UNICEF, found that the number of children involved in the worst forms of child labour has decreased from 22,000 in 1994 to 17,000 in 2004.

Direct services were provided to 1283 children and their families. As a result, 590 children were withdrawn and resumed schooling and 693 were prevented from entering child labour by engaging them in vocational training.

In spite of the declining trend this ministry remains resolute in the fight against child labour in its worst forms. Our officers will continue to intervene where necessary to prevent and withdraw those children engaged in hazardous work.

Mr. Speaker, the passage of the new Child Care and Protection Act, passed in March of this year, will provide the legislative framework to facilitate the enforcement of the Child Labour Conventions, that is, ILO Convention 138, dealing with the Minimum Age for entry into Employment, and ILO Convention 182, prohibiting the Worst Forms of Child Labour in Jamaica. These two fundamental ILO conventions were ratified by the Government of Jamaica in October 2003. This completes the list of eight core ILO conventions ratified by Jamaica. The others are:

- C87- Freedom of association and Protection of the Right to Organize, 1948
- C98- Right to Organize and Collective Bargaining, 1949
- C29- Forced Labour, 1930
- C105- Abolition of Forced Labour, 1957
- C100- Equal Remuneration , 1951
- C111- Discrimination ( Employment and Occupation), 1958

5. **Overseas Employment Programme**

Mr Speaker, one of the major responsibilities of the Ministry is the management of the Overseas Employment Programme This includes:

- the United States Farm Work Programme,
- the United States Hotel Workers Programme,

- the Canadian Farm Workers Programme,
- Guantanamo Bay Skilled Workers Programme

These programmes, Mr. Speaker, have been used to complement the government's job creation efforts:

- Close to fourteen thousand (14,000) overseas jobs were provided last year for Jamaicans.
- This resulted in approximately J\$1 billion dollars in compulsory savings being remitted to the island in 2003 representing 20% of the workers earnings.

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

YEAR	Canadian Farm Workers	United States Farm Workers	United States Hotel Workers	TOTAL
2001	201	205	378	984
2002	223	186	366	795
2003	302	250	445	997
TOTAL	726	641	1189	2556

Mr Speaker, we are making every effort to ensure the sustainability of these overseas employment opportunities, therefore we will continue to maintain the utmost vigilance to prevent drug smuggling, persons going AWOL, and other

practices that would put the programme at risk. To this end, we have intensified orientation and training for workers before they depart.

Mr. Speaker, it must be emphasised that the employers are now demanding more trainable and better skilled workers. In respect of the Farm Workers Programme, for example, this is the age where high level technology is being used on farms to improve productivity and workers must have the basic skills and competence to be trained in the use of these technologies.

Our visits to various sites in Canada and the United States have indicated a positive outcome to the training initiatives that we have implemented. The Jamaican workers have been highly commended by employers and many of them have been promoted

Mr. Speaker, as part of our commitment to ensure the welfare of our overseas workers and maintenance of good relationships with the employers we have recently opened a new liaison office in Canada.

I must commend the United states Ambassador, the Canadian High Commissioner and the respective staff for their tremendous support to the programme. The US Homeland

Security Division and the Employers must also be commended for their contribution to the success of the programme. Thanks are also due to the Jamaican overseas liaison service and all others concerned with facilitating the smooth management of the programme.

Special thanks must also be conveyed to the Police Narcotics Division for their vigilance in ensuring that the programme is drug free.

### **Work Permit**

Mr Speaker, I am obliged to bring to the attention of this Honourable House, the Cabinet's decision to re-introduce a fee structure for the granting of work permits to foreign nationals wishing to work here in Jamaica.

In recent times, Mr. Speaker, the whole question of our policies regarding the issuance of work permits have become a matter of public concern. The issue was raised at a tripartite Labour Advisory Committee (LAC) meeting last year May, and as a consequence, I appointed a sub-committee of the LAC to examine the existing policies and to make recommendations as to how to improve the legislative and administrative framework for the granting of work permits.

Mr. Speaker, it is important, from the Government's standpoint, that I make it clear that in the context of promoting competitiveness and the free movement of labour within the region, our considerations and recommendations should in no way seek to discourage foreign direct investment, or the migration of skills into Jamaica.

Mr. Speaker, in structuring the fees, we took into account the following elements:

- a. A processing fee for application, which would be \$1,000.00;
- b. A work permit fee for successful applicants, based on the duration of the working period;
- c. A replacement fee of \$500.00

Where, therefore, Mr. Speaker, an applicant is successful, the following fees would be imposed:

- i. For a period of up to three months, an amount of \$10,000.00 would be charged;
- ii. for a period in excess of three months but less than six months, the amount would be \$20,000.00;
- iii. for a period in excess of six months but less than one year, the amount would be \$40,000.00;
- iv. for a period in excess of one year, an additional \$10,000.00 would be charged for each three months period, or any part thereof.

Mr. Speaker, these fees will take effect on August 1, 2004.

Mr. Speaker, the Ministry will continue its work of ensuring that adequate steps are taken to protect local skills, as well as benefit from highly skilled labour from overseas, by strengthening the legislative framework and administrative processes governing the granting of work permit and the free movement of labour. At the same time, we must intensify our work through the respective Ministries and statutory bodies to bring about greater skills training and improved competencies of the Jamaican labour force.

### **SOCIAL DIALOGUE AND TRIPARTISM**

Mr. Speaker, social dialogue and tripartism underlines all our undertaking on the labour front. I must reiterate that we continue to build a dynamic partnership among the major social partners – the state, capital and labour. We have restructured the Labour Advisory Committee to allow for regular consultations among the social partners on the agenda for labour market reform and industrial relations. We continue to ensure that new legislations or amendments to existing laws are subject to the widest possible discussion and debate.

It is through social dialogue and consultation that we have begun to build the kind of confidence in the future of the economy that resulted in the recently signed Memorandum of Understanding between the Government and the Jamaica Confederation of Trade Unions. This historic Agreement has

paved the way for broader social partnership agreements involving the private sector, and should focus our minds on the strategic factors needed to generate investment opportunities, growth, skills development and competitiveness.

### **SOCIAL PROTECTION OF VULNERABLE GROUPS**

Mr. Speaker, while job creation and employment generation are of paramount importance, a system must be in place to address contingencies arising from prolonged unemployment, lifecycle vulnerabilities such as those linked to childhood and old-age, ill-health, disability and other conditions which impinge on earning capacity. It is within this context that social protection has become a central pillar of social policy.

In addition to education and health care, coverage of social risks by means of a comprehensive and fair social protection system completes the required range of expenditures that are needed to attain development.

Social protection measures represent a long term commitment not only to help the most vulnerable, but also to ensure development of the human potential of everyone to its highest. Seen in a broader context, social protection is obviously a

productive investment, benefiting not only the immediate recipients but also society as a whole.

Globally there are many approaches to the provision of social protection. This ranges from the Scandinavian redistributive welfare model based on the principle of 'universalism' in the provision of benefits, to the more residual approach embraced by many developing countries where benefits are provided based on the principle of selectivity.

Whatever the model adopted, Mr. Speaker, a critical contributing factor to the reduction of vulnerability and the related conditions of poverty is the successful integration of social policy with sound macro-economic policy-making to provide a foundation for consistent economic growth and social development.

It is fully accepted, Mr. Speaker, that a stable macroeconomic environment and sustainable economic growth are necessary, but not sufficient conditions for social development. The social impact of economic growth depends not only on the rate of that growth, but also its quality. Equity-enhancing growth, Mr. Speaker, spreads the benefits more broadly among the population and is thus more favourable to social development.

It is in this context, Mr. Speaker, that even in the face of economic challenges, this government has continued to place strong emphasis on policies and programmes aimed at social development and improving quality of life in the areas of health, education, housing, social security provisions and social legislation.

Budgetary allocations in these areas have been steadily increasing. In the 2002/2003 financial year, for example, expenditure on Education was \$20.7 billion, health \$7.5 billion, and social security and welfare programme \$1.4 billion. In 2003/2004 the corresponding figures were \$22.8 billion for Education, \$9.2 billion for Health and \$2 billion for social security and welfare. For 2004/2005 these figures have risen to \$29.56 billion for education, \$13.57 billion for health, and \$2.5 billion for social security and welfare programmes.

Mr. Speaker, this level of social expenditure has accounted for the overall reduction in poverty levels recorded by the Survey of Living Conditions over the past decade. It is very important that gains made are sustained and that we step up the pace of poverty reduction. This is the aim of the programmes being implemented by the Social Security Division.

**Programme of Advancement through Health and Education (PATH)**

Mr. Speaker, the Programme of Advancement through Health and Education (PATH) represents the first phase of a reform process which encompasses both legislative and institutional changes aimed at greater administrative efficiencies and enhanced benefits for the poor.

The Programme targets the most vulnerable groups among the poor including children from birth to age seventeen, the elderly, persons with disabilities, pregnant and lactating women and indigent and destitute persons.

Mr. Speaker, at present there are over 200,000 registered PATH beneficiaries. Since the inception of the programme a total of approximately one billion has been paid in benefits. In April of this year, the benefit was increased from \$300 to \$400 per each eligible member of the beneficiary family in an attempt to preserve the value in real term. A further increase will be granted at the beginning of the next fiscal year.

Mr. Speaker, It must always be emphasised that there are specific responsibilities that come with the receipt of PATH benefits. In order to continue receiving their benefits, children

6-17 years of age must attend school regularly. Other programme beneficiaries, such as children under the age of six years and pregnant & lactating mothers are expected to maintain a regular schedule of visits to health centres.

These requirements are being carefully monitored and enforced to ensure that the goals and objectives of the programme are achieved. Social Workers have been assigned to provide guidance and counselling for families encountering difficulties.

Preliminary findings from the Impact Evaluation Study indicate that PATH is the best targeted social assistance programme that Jamaica has seen, when comparing present and past programmes (food stamp, poor relief, Public Assistance, etc.). For example, over 80% of persons selected for PATH are below the poverty line which means that the poorest of the poor are being reached by this programme.

Mr Speaker In order to establish the legislative framework for the Safety Net Reform and ensuring sustainability, a National Assistance Act to replace the Poor Relief Law of 1886 has been drafted and is currently being reviewed. It will, Mr. Speaker, enshrine the rights of persons to social protection as well as their personal responsibility to improve their situation by accessing education and other opportunities.

Consultations with local authorities, representatives of the Poor Relief Department and other stakeholders have been ongoing to ensure that the law is both appropriate and responsive to the needs of the vulnerable.

### **Senior Citizens/Persons with Disabilities**

Mr. Speaker programmes for senior citizens and persons with disabilities continue to be guided by two important policy documents adopted by Parliament. The National Policy for Senior Citizens, passed in 1997, and the National Policy for Persons with Disabilities, passed in 2000.

The National Policy for Persons with Disabilities forms the contextual framework for the preparation of a National Disability Act to foster the creation of an enabling environment for persons with disabilities to realise their full potential. Mr. Speaker, additional resources have also been allocated for Skills Training Workshops operated by the National Council for Persons with Disabilities for income generation as well as to prepare the trainees for integration in the workplace. Simultaneously, the Abilities Foundation has strengthened its programme of vocational training and Information Technology skills that targets young adults with disabilities to prepare them for the job market.

Mr. Speaker, Jamaica recently hosted the first CARICOM Ministerial Conference on Disabilities, which was a resounding success. Over the three days, representatives from Caribbean countries, including members of the disabled community, carried out an analysis of the situation of persons with disabilities in the region, shared best practices and reviewed the United Nations draft International Convention on Disability from a CARICOM perspective. The participating countries all agreed, Mr. Speaker, to seek ratification from their respective government on the 'Kingston Accord', a plan which outlines steps for ensuring the promotion of the rights and dignity of persons with disabilities.

Mr. Speaker, the National Council for Senior Citizens continues to fulfil its mission of meeting the challenges of a growing, healthier, and more active senior citizens population through the implementation of the National Policy for Senior Citizens in the areas of Education, Health, Income Security and Infrastructure. This includes, Mr. Speaker, the operation of a Feeding Programme, Seniors Day Activity Centres, provision of Home Health Aides, and the establishment of Income Generating Projects. Through the collaborative efforts with a number of Government Ministries and Agencies, NGOs and other bodies, the Council continues to stage a number of

events for seniors, including Health Fairs, Seminars and various Recreational activities.

### **National Insurance Benefits**

Mr. Speaker, the National Insurance Scheme continues to play a very important role in our social protection system, particularly for our senior citizens. We are facing an aging population, Mr. Speaker, when we examine the data. The number of persons 60 years and over has moved from 108,000 or 6.7 percent of the total population in 1960, to 267,500 or 10.2 percent of the total population in 2002.

The data reflects the declining trend in fertility and increase in life expectancy and places Jamaica in the intermediate stage of the demographic transition. The projection is that the population of older persons will reach an estimated 471, 780 or 14.4 percent of the total population by 2025.

It is in this context, Mr. Speaker, that the National Insurance Scheme is playing an increasingly important role in income replacement for retirees. Last year, I announced to the Honourable House substantial increases in the level of NIS

benefits. The intention is to have regular and periodic adjustments to keep pace with movements in the cost of living. In the financial 2002/2003, J\$1.85 billion was paid out in pension and other related benefits. This figure was increased to J\$2.8 billion in 2003/2004.

Mr. Speaker, I must use this opportunity to remind all persons concerned that under the NIS Act a woman qualifies for pension at age 60 and a man at 65 providing they are no longer employed. Pension benefits must be claimed within twelve months after they are due. Arrears are not payable beyond this period.

Various concerns have been raised about this one year limit for retroactive pension payments. However it must be clearly understood that we cannot leave our claim period open-ended because it would not be consistent with the social security laws of countries such as the United Kingdom, Canada, and CARICOM, with whom we have reciprocal agreements. The retroactive claim period of these countries range from three months to a maximum of six months. The nationals of these countries would have an advantage when making claims on our NIS, while Jamaicans would be at a disadvantage when claiming benefits from their social security schemes. It is for this reason that we encourage all our retiring workers to

promptly apply for their pension benefits as soon as they become eligible. Our system is undergoing progressive modernization and it is the vision that in the near future we will be able to send an advisory to NIS contributors when they become pensionable, as is done in other jurisdictions such as the United Kingdom and Canada.

### **NI GOLD**

The House is aware, Mr. Speaker, of the implementation of the special Health Plan for NIS Pensioners, NI Gold. It provides benefits not covered under the National Health Fund (NHF) and JADEP, such as doctor's visits, diagnostic services, surgery, hospitalization, dental and optical. In the long-term this benefit will further improve the productive lives of our senior citizens by ensuring greater access to quality health care.

Mr. Speaker, since the introduction of the NI Gold in December 2003, the NIS has already paid out over 100 hundred million (\$100 m) in beneficiary and provider claims, and provided benefits for over 70,000 pensioners.

I use this opportunity, Mr. Speaker, to encourage those pensioners who have not yet been processed to receive their electronic cards to visit the nearest office of the Electoral Office of Jamaica, EOJ, whom we have contracted to produce these

cards. This, Mr. Speaker, will ensure that they continue to benefit from NI Gold after the current temporary card expires on June 30, 2004. The registration period has been extended to Nov 30, 2004 to enable all pensioners to be registered.

Mr. Speaker, all of these improvements in benefits have been made possible by the close monitoring of contribution collections by the NIS staff and the prudent management and investment of the Fund, which now stands at over J\$32.5 billion.

The Fund continues to maintain a diversified portfolio of assets comprising:

- Sixty-seven per cent money market instruments
- Seventeen in equities and,
- Thirteen percent in real estate and resort holdings

Represented in the Fund's equity portfolio are companies in the financial Services sector, construction industry, shipping, manufacturing and distribution, roads and communications. In addition the fund also invests in equities listed on the Barbados and Trinidad Stock exchanges.

The overall return on the Fund's asset for the financial year 2003/2004 is 29% percent.

The full impact of the Social Security programmes just outlined Mr. Speaker, is a strengthened social protection system where the vulnerable have coverage in the face of the risks and vicissitudes that confront them.

### **CONCLUSION**

Mr Speaker, there can be no doubt that the work of the Ministry is progressing in the direction consistent with our challenge to make this country maximise its competitive advantage in the international marketplace. We have, Mr Speaker, demonstrated the commitment and the will to make it happen, and have come out with high ratings on our future prospects.

The road map to global competitiveness has been laid out and understood by all. We must now accelerate the speed on the road to greater productivity which is why a National Productivity Centre has been established through tripartite efforts.

Our industrial relations practice has been redefined which is why we are seeing a reduction in industrial strife and unrest and a more proactive Ministry in dealing with labour disputes.

The introduction of flexible working arrangements must now become a reality because it can help to provide the competitive advantage we need to put Jamaica forward.

Our labour laws must urgently be amended so that they are adaptable to the changing nature of the global economy and facilitate investment and employment creation.

We must seek also to ensure that there is congruency between our labour market and social security policies in the context of the risks and vulnerabilities associated with globalization.

We must continue to protect the most vulnerable groups within our society and provide the social protection necessary to give value to their work and worth. In doing so Mr Speaker there is a deliberate shift from the compensatory welfare model to one that promotes the development of human capital through education, training, improved health status coupled with the creation of employment opportunities.

In the end, Mr. Speaker, Jamaica must confidently enter this new world, assertive, self-assured and equipped with a highly trained and competent workforce that can make us triumphant, proud and free.

One vision, one people, a strong Jamaica, that is our goal.

