

Brief on the Labour Market Reform Commission

February 2016

Introduction

In spite of Jamaica's position historically within the Caribbean, and further, internationally, for decades, the nation has struggled with low growth (GDP reported by STATIN at 0.5% in 2014 and 0.6% as at June 2015); a decline in labour productivity at an average of 0.8% per annum over the period 2009-2013 (STATIN); high unemployment rates; high public debt and many external shocks that have weakened the economy. Over the last 30 years, real per capita GDP increased at an average of just one percent per year, making Jamaica one of the slowest growing developing countries in the world.

Jamaica's economy continues to face threats from:-

- i. **Trade liberalization**, which facilitates the expansion of markets while potentially disadvantaging small local producers;
- ii. **Marginalization**, of domestic producers, who produce low quality/high priced/uncompetitive goods; and
- iii. **Modernization through Technology**, which replaces low-skilled, low-wage labour with technology.

To reverse this trajectory, the Government of Jamaica embarked on a comprehensive and ambitious programme of reforms geared at securing the future competitiveness of the Jamaican economy, by:

- creating a labour force that is adaptable to labour market information,
- increasing the knowledge, skills, and productivity of the worker,
- providing the worker with adequate social protection, and;
- protecting the employability and life earnings of the worker.

The programme of reforms is guided by Vision 2030 Jamaica - National Development Plan and the Medium Term Socio-Economic Policy Framework (MTF) for 2012-2015; and the International Labour Organization's (ILO) Decent Work Agenda. Labour market reform will *empower Jamaicans to achieve their fullest potential* and create an environment where *Jamaica's economy is prosperous*.

Reform will seek to address the shortcomings within the labour market by overseeing the revision of existing labour market legislation, policies and practices. In particular, labour market reform will be achieved through the implementation of various policies, legislation and programmes such as exploring an unemployment insurance scheme; determining a mechanism to

increase access to pensions; and the development of an employment policy, among other measures. In order to achieve this, a Labour Market Reform Commission (LMRC) was established by Cabinet Decision 36/14 and became operational in April 2015 funded by the Ministry of Labour & Social Security (MLSS). The membership of the Labour Market Reform Commission is diverse and tri-partite, comprising representation from the Government, trade union movement, the private sector and academia (**Appendix I**).

The Commission is supported by a Secretariat, housed at the PIOJ (**Appendix II**).

Objectives

The established programme of work of the LMRC is guided by four objectives:

1. Efficiency: generating maximum returns to human resources, output and income;
2. Equity: creating equal opportunity for all to jobs and training; and while in the workplace, all should be treated equally, receiving equal pay for equal work.
3. Growth: increasing productivity, incomes and future jobs.
4. Social justice: minimising negative outcomes in any resulting social displacement as labour market changes occur, and redress harm when they do.

In order to achieve labour market reform aligned with the above listed objectives, five subcommittees, focusing on five identified areas for the reform have been established:

- i. Education and Training;
- ii. Productivity, Technology and Innovation;
- iii. Labour Policies and Legislation;
- iv. Social Protection; and
- v. Industrial Relations (institutions, customs and practices)

The Subcommittees (**Appendix III**) are responsible for reviewing existing policies and programmes in the respective areas and making recommendations to improve total factor productivity and economic growth. The Subcommittees will achieve their mandate by creating awareness, defining and describing the problems that exist within the current labour market through fact-finding and analysis, and making recommendations to the Government of Jamaica to be implemented through legislative reform, policy, and practices. There will also be consultations with stakeholders to ensure consensus among all players in the labour market.

The Subcommittees began their programme of activities (**Appendix IV**) in April 2015. Since then, numerous challenges to achieving labour market reform have been identified. Among them are:

- a. Underemployment and the resultant Labour Market Inactivity;

- b. Low Tax Compliance;
- c. An unstructured, robust informal economy; It is estimated that 37.8% of the labour force are in the informal sector (STATIN, 2014)
- d. Low Productivity;
- e. An unsustainable pensions system. The IDB reports that Jamaica has a low replacement rate, that is, the number of persons who benefit versus the number who contribute to the National Insurance Scheme (NIS). It is forecasted that the present NIS Fund will be exhausted by 2033. Further, the Financial Services Commission (FSC), in 2015 advised that only 9.4% of Jamaica's total labour force has pension coverage;
- f. Non-compliance with existing Labour Laws;
- g. A high incidence of uncertified and untrained talent in the labour force (STATIN).

Proposals

The Commission, through its Subcommittees proposed that the above challenges be addressed by:

- i. A reform of social protection mechanisms
- ii. A policy framework to treat with the increased incidence of 'precarious employment'
- iii. A culture of lifelong learning to raise the low skilled low waged profile of workers
- iv. A reform of the static and outdated labour laws

Achievements

Since operations began almost a year ago, the following has been achieved:

- i. Stakeholder consultation with the National Partnership for Jamaica Council, the Jamaica Chamber of Commerce and the Rotary Club of St Andrew
- ii. Revision of documentation prepared by and in conjunction with the Ministry of Labour and Social Security, the Ministry of Industry, Investment and Commerce and implications for the labour market
- iii. Detailed focus on social protection of workers in various categories of employment

Next steps

The Commission intends to over the next year:

1. Increase its stakeholder consultations to pre-test and critique recommendations
2. Embark on a public education and awareness campaign

Appendix I
List of Commissioners

1. Marshall Hall, PhD
Chairman
2. Silburn Clarke
Vice Chairman and Chairman of the Technology, Innovation and Productivity Subcommittee
3. Wayne Jones
Chairman of the Industrial Relations Subcommittee
4. Heather Ricketts, PhD
Chairperson of the Social Protection Subcommittee
5. Wayne Wesley, PhD
Chairman of the Education and Training Subcommittee
6. Michael Witter, PhD
Chairman of the Labour Policies and Legislation Subcommittee
7. Noel Cowell, PhD
University of the West Indies, Mona
8. Brenda Cuthbert
Jamaica Employer's Federation
9. Senator Kavan Gayle
Bustamante Industrial Trade Union
10. Robert Gregory
Independent Consultant
11. Dwayne Gutzmer
Youth Representative
12. Errol Miller
Formerly of the Ministry of Labour and Social Security

13. Janet Morrison
Hart Muirhead Fatta /Private Sector Organization representative
14. Professor Gossett Oliver
University of Technology
15. Danny Roberts
Hugh Lawson Shearer Trade Union Education Institute
16. Yvette Sutherland-Reid
Ministry of Industry, Investment and Commerce
17. Granville Valentine
National Workers' Union
18. Easton Williams
Planning Institute of Jamaica

Appendix II
Secretariat Structure

| Position | Person |
|--------------------------------|--|
| National Coordinator | Vacant (formerly Lloyd Goodleigh). Oversight now given by the Director of the Social Policy, Planning and Research Division of the Planning Institute of Jamaica (PIOJ) |
| Labour Market Analyst | Deidra Coy |
| Research and Logistics Officer | Monique Savage |
| Administrative Assistant | Toni-Ann D'Oyley |

Appendix III
Subcommittee Membership

| Subcommittee | Members |
|------------------------|---|
| Education and Training | <ol style="list-style-type: none"> 1. Wayne Wesley Ph.D., HEART Trust/NTA (Chairman) 2. Dwayne Gutzmer Commissioner, Labour Market Reform Commission (LMRC) 3. Robert Gregory, Commissioner, LMRC 4. Yvette Sutherland-Reid, Commissioner, LMRC and Ministry of Industry, Investment and Commerce 5. Maxine Henry-Wilson, Jamaica Tertiary Education Commission (J-TEC), 6. Nicole Manning, HEART Trust/NTA 7. Colin Barnett, HEART Trust/NTA 8. Barbara Allen, Ministry of Education 9. Wayne Robinson, Quality Academics 10. Peter-John Gordon Ph.D., University of the West Indies (UWI) 11. Steven Kerr, Planning Institute of Jamaica (PIOJ) 12. Andrea Miller, Stennett, Ministry of Labour and Social Security (MLSS) 13. Martin Brown, Statistical Institute of Jamaica (STATIN) 14. Mrs Helene Davis-White, Jamaica Association of Local Government Officers (JALGO) |
| Industrial Relations | <ol style="list-style-type: none"> 1. Wayne Jones, Chairman, Ministry of Finance and Planning (MOFP) 2. Errol Miller, Formerly of the Ministry of Labour & Social Security 3. Janet Morrison, Commissioner, LMRC and Hart, Murihead and Fatta 4. Lorna Phillips, MOFP 5. Ward Mills, Office of the Cabinet |

| Subcommittee | Members |
|---|--|
| | <ol style="list-style-type: none"> 6. Noel Cowell, PhD, UWI 7. O'Neil Grant, Jamaica Civil Service Association. 8. Danny Roberts, Hugh Lawson Shearer Trade Union Institute 9. Senator Kavan Gayle, Bustamante Industrial Trade Union (BITU) 10. Yvette Sutherland Reid, Ministry of Industry, Investment and Commerce (MIIC) 11. Raymond Eyle, Jamaica Employers' Federation (JEF) 12. Deidra Coy, PIOJ 13. Rochelle Reid-James, Jamaica Youth Ambassadors Programme 14. Andre Marriott-Blake, Jamaica Youth Ambassadors Programme |
| Labour Policies and Legislation | <ol style="list-style-type: none"> 1. Michael Witter, PhD 2. Chairman, Commissioner LMRC and UWI 3. Senator Kavan Gayle 4. Senator Floyd Morris, UWI 5. Professor Claremont Kirton, UWI Consulting 6. Carol Archer, PhD University of Technology (UTECH) 7. Janet Morrison, 8. David Wan, JEF 9. Simone McKenzie Mair, MLSS 10. Keith Collister, Independent Consultant 11. Rochelle Whyte, PIOJ 12. Deidra Coy 13. Hugh Morris, PIOJ |
| Technology, Innovation and Productivity | <ol style="list-style-type: none"> 1. Silburn Clarke, Chairman, Spatial Vision 2. Charles Douglas, PhD Jamaica Productivity Centre (JPC) |

| Subcommittee | Members |
|-------------------|--|
| | <ol style="list-style-type: none"> 3. Marina Ramkissoon, PhD, UWI 4. Mervyn Eyre, Fujitsu 5. Professor Gossett Oliver, UTech 6. Vanesa Tennant, PhD, UTech 7. Kavian Cooke, PhD, UTech 8. Rudolph Thomas, BITU 9. Tashana Briscoe 10. Dwayne Gutzmer 11. Robert Gregory 12. Andre Jones, PhD 13. Andrea Barrett, PhD 14. Sonia Jackson |
| Social Protection | <ol style="list-style-type: none"> 1. Heather Ricketts, Chairperson, UWI 2. Senator Kavan Gayle 3. Portia Magnus, National Insurance Scheme 4. Christine Clarke, PhD, UWI 5. Denzil Thorpe, former Director of Social Security 6. Audrey Deer Williams, National Insurance Fund 7. Keith Comrie, Union of Schools, Agriculture and Allied Workers 8. Collette Robinson, PIOJ 9. Deidra Coy, PIOJ 10. Brenda Cuthbert, JEF 11. Yolanda Dixon, MOFP 12. Dione Jennings, MLSS 13. Melanie Williams, Financial Services Commission (FSC) 14. Legal representation from the MLSS 15. Mr Ravi Rambarran, Sagicor Group Jamaica, Technical Advisor to the Subcommittee |

Appendix IV

Programme of Activities

Education and Training

1. Develop an integrated framework to glean and promulgate labour market information and intelligence to guide the Education and Training System; including but not limited to:
 - a. the development of a structured mechanism for the engagement of industry and sector associations in labour market research
 - b. the development of strategies to increase the use of labour market information and intelligence in the development and delivery of workforce development programmes.
2. Develop a structured framework for the expanded implementation of the competency-based education and training (CBET) model in the education and training system.
3. Facilitate a structured framework for a consolidated, cohesive and articulated education and training system through the National Qualification Framework (NQF).
4. Develop a plan to upskill career counsellors and increase awareness of career development programmes aligned to current and future labour market demands.
5. Outline an inclusive approach/framework to provide teaching and learning opportunities for the persons with special needs that will optimize access, equity and relevance.
6. Standardize the methodology for data collection and representation of certified and uncertified workforce.
7. Review and revise the National Occupational Classification System.
8. Review and revise strategies to increase access to training and certification, including: prior learning assessment, work-based learning and apprenticeship.
9. Develop a structured framework to engender a culture of entrepreneurship.
10. Develop a monitoring and evaluation mechanism to assess the implementation of the recommendations made by the Education and Training Subcommittee.

Industrial Relations

1. Make proposals for a labour administration system that:
 - a. Promotes employers' and workers' rights on all levels;
 - b. Intervenes in labour disputes;
 - c. Promotes proactive and preventative industrial relations mechanisms
 - d. Provides a fair conciliation/mediation service;
 - e. Sets up and services arbitration tribunals;
 - f. Facilitates the settlement of trade union recognition and claims;
 - g. Fosters labour and occupational safety and health policy, inspections and enforcement;
 - h. Provides recruitment and employment placement services;
 - i. Facilitates industrial and vocational training;
 - j. Provides access to information within the Labour Market Information System
 - k. Provides statistical information gathering analysis and publishing;
 - l. Promotes international labour standards through legislation and policy;

- m. Facilitates tripartite collaboration and consultation;
 - n. Provides data and information on trends in the domestic and international labour markets; and
 - o. Contributes to the process of investment facilitation and trade issues affecting the domestic labour market”.
2. Establish formal relationships to foster collaboration along labour markets activities with the Ministry of Labour and Social Security and the Ministry of Industry, Investment and Commerce through JAMPRO, the Ministry of Foreign Affairs and Foreign Trade, the Ministry of Education, the private sector and civil society
 3. Develop an employment law, applicable to all business sectors, that lists common definitions, encompasses a revised labour relations code and one which encompasses other pieces of legislation that treat with all matters relating to the labour market
 4. Assess whether industrial relations practised in Jamaica is voluntarily across all sectors and make legislative amendments to reflect the nature of industrial relations in Jamaica
 5. Act as a Task Force for the strengthening and modernizing Jamaica’s Labour Administration in the context of international standards, Caricom imperatives for the modernization of Labour Ministries and the shared vision of Jamaica’s Labour Advisory Council
 6. Make recommendation for the strengthening of the reorientation of Labour Market Institutions to adopt behaviour that increases total factor productivity, reduce inequality and create employment opportunities.
 7. Evaluate and make recommendations for the improvement of Jamaica’s collective bargaining procedures, customs and practices, in the private and public sectors and to ensure that they reflect best practices and promote efficiency and productivity and that are “mutually beneficial to the parties concerned” (ILO).
 8. Review Jamaica’s Labour legislation framework to ensure compatibility with international standards which includes ILO and CARICOM and that they reflect the best practices in a globalised world.

Labour Policies and Legislation

1. Prepare a comprehensive, integrated policy and institutional framework for the Jamaican Labour Market
2. Prepare policy measures and recommendations that can assist the Jamaica Labour Market to achieve its objectives of Equity, Efficiency, Social Justice and Growth

Technology, Innovation and Productivity

1. Recommend programmes and services for small and medium sized enterprises
2. (SMEs) in meeting the global competitiveness challenges that they confront.
3. Enhance the Jamaica Labour Market Information Systems
4. Draft policies and programmes intended to strengthen and accelerate Jamaica’s capacity in technology generation, adoption and transfer
5. Strengthen and modernise the Jamaica Productivity Centre (JPC)

Social Protection

1. Assess actuarial and other current reviews of the National Insurance Scheme to determine and propose appropriate administrative, regulatory and financial structures to support increased labour market coverage and viability of the Scheme and the National Insurance Fund.
2. Assess and make determinations on the feasibility of introducing an Employment Insurance Scheme for workers, including implementation of other options for the protection of the worker.
3. Assess and make determinations on the implementation of other options for the protection of the worker.
4. Examine and make recommendations on the relationship between, impact on, or changes to, any defined Employment Insurance Scheme recommended under the reform, and current job separation policies and/or regulations.
5. Identify legislative or policy changes required to promote social security of, and protect workers in both formal and non-formal types of employment.
6. Liaise with the National Social Protection Committee – Income Security Sub-Committee, as well as other relevant subcommittees, in the sharing of information, data and perspectives regarding policy gaps and programmatic frameworks pertinent to the scope of work of the Subcommittee of the Labour Market Reform Commission (LMRC).