

# Country Fact Sheet: Jamaica

## Decent Work Response to the Global Financial and Economic Crisis

*The 98th session of the International Labour Conference of the International Labour Organization held in June 2009, in Geneva, Switzerland, adopted a “Global Jobs Pact” as its response to the global economic and jobs crisis. The Pact is a joint commitment made by the Governments, workers’ and employers’ organizations to work together to weather the crisis through policies in line with the Decent Work Agenda. Measures to retain persons in employment, to sustain enterprises and to accelerate employment creation and jobs recovery combined with social protection systems, are addressed in the Global Jobs Pact.*

*Already countries of the Caribbean region have been responding to the crisis and adopting measures in line with the Decent Work Agenda - measures in job creation and social protection, underpinned by social dialogue and international labour standards. In an effort to share experiences and good practices, the ILO Subregional Office for the Caribbean invited its constituents to provide information on their responses to the crisis in their respective countries and territories. The information contained in this fact sheet was collected through a questionnaire that was sent to the tripartite constituents. It provides a snapshot of decent work responses of Jamaica to the ongoing economic and jobs crisis. This fact sheet was prepared in July 2009. The ILO Subregional Office for the Caribbean wishes to thank the respondents for their cooperation in providing the relevant information. It will be updated, periodically, based on additional contributions from the tripartite constituents.<sup>1</sup>*

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### A. Job Creation and Employment

The Government of Jamaica has announced a stimulus package to revive the ailing sectors of the economy. The following incentives have been announced as part of the package:

#### 1. General incentives

- a. reduction in the rate of General Consumption Tax (GCT) paid by the hotels;
- b. special Loan Facility for providing working capital to the tourism sector to ease their cash flow problems;
- c. removal of Customs User Fee payable on capital goods and raw materials;
- d. accelerated depreciation for capital equipment for new investments;
- e. reduction of transfer tax on property transactions to stimulate the real estate market and construction sector;
- f. adjustment in the Government Procurement Policy to provide some preference to Jamaican-owned companies; and
- g. allocation of J\$2.4 billion for repairing roads, drains and gullies to stimulate employment and job creation.

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<sup>1</sup> Inputs for this fact sheet have been provided by the Ministry of Labour and Social Security, Jamaica and the Jamaica Employers' Federation.

## **2. Small enterprise-focused schemes**

- a. reservation of a percentage of procurement for small business and micro-enterprise suppliers in the Government tenders;
- b. provision of additional funds to the Jamaica Small Business Development Centre for lending to small and micro enterprises;
- c. removal of 2,800 small business operators with sales of under J\$3m from GCT requirements; and
- d. special training programme developed by HEART Trust to retrain displaced workers guiding them toward alternate job opportunities or starting up their own businesses.<sup>2</sup>

## **3. Youth-focused programmes**

- a. establishment of a Special Youth Employment and Training Project (SYEAT) where 10,000 youths, age 18-25 years, will be trained and placed over a four-year period;
- b. development of a Youth Employment Strategy (YES) targeting at-risk youths including gang members and deportees aged 16-30 years, providing them with financial assistance to return to school, complete their education, enter post-secondary educational institutions or opt for entrepreneurship; and
- c. provision of training and financing under the Young Entrepreneurs Programme (YEP) for those young people leaving schools at the secondary and tertiary levels to start a small business.

## **B. Social Dialogue and International Labour Standards**

Through the collective bargaining process, enterprises have entered/ are entering into bipartite agreements. The enterprises in the Bauxite and Alumina sector that were impacted severely by the crisis feature highly in such arrangements. The following are some examples of good practices adopted by the workers and employers to save jobs:

- a. reduced work days;
- b. job rotation to ensure that workers retain employment;
- c. freeze in employment to maintain existing staff;
- d. freeze on wage increases in order not to place undue pressure on the wage bill;<sup>3</sup> and
- e. retraining of workers by the enterprises.

At the national level, a multipartite committee has been established by the Minister of Labour and Social Security to focus on mitigation strategies related to job losses resulting from the impact of the economic crisis. The Committee consists of

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<sup>2</sup> Heart Trust is the facilitating and coordinating body for workforce development in Jamaica. For more information, please visit website [http://www.heart-nta.org/index\\_flash.aspx](http://www.heart-nta.org/index_flash.aspx)

<sup>3</sup> Normal wage adjustments through collective bargaining continue to take place among some enterprises. However, an increase in salaries agreed for the public sector employees was not honored by the Government due to financial constraints caused by the economic crisis.

representatives from the Government, employers, trade unions and academia. Along with the establishment of the multipartite committee, a National Social Partnership Multipartite Consultative Committee has been established with the objective of developing a “social pact”.

### **C. Social Protection**

- a. Mortgage institutions, including the National Housing Trust, have provided relief through the adjustment of interest rates as well as the re-scheduling of mortgage payments for displaced workers.
- b. The National Insurance Fund has set aside a pool of funds to lend to displaced workers on concessionary terms to assist them in starting small business ventures.
- c. There has been an increase in the budgetary allocation for Rehabilitation Grants and the Programme for Advancement through Health and Education (PATH) to provide relief for the most vulnerable and at-risk persons in the society.
- d. There has been an increase in the income tax threshold to provide some relief especially to low-income workers.