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**ADDRESS TO
NATIONAL WORKERS' UNION
AWARDS CEREMONY**

BY

THE MOST HON. P. J. PATTERSON, O.N., P.C., Q.C., M.P.

PRIME MINISTER

AT THE HILTON HOTEL

FRIDAY, DECEMBER 20, 2002

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SALUTATIONS

As Prime Minister, one faces many difficult tasks. This goes with the territory. But surely one of the most formidable is that of addressing any group of Jamaicans who have just partaken of a sumptuous meal, who await the receipt of awards for work well done, and who want to get on to the serious business of dancing.

Fortunately for me, I do so at your gracious invitation and can trespass on more than four decades of very close association with the NWU.

Tonight, we gather to celebrate the Fiftieth Anniversary of the birth of the National Workers' Union.

We recognize in a special way 32 workers who have collectively given 779 years of service to this institution. As we honour them, we also pay tribute to the history of struggle and achievement of all the workers of this country.

- Spoke at Church Service as we launched this Special Anniversary.**

- In September, I recalled the contribution of those legendary stalwarts, who laid the foundation for a Union that has been at the cutting edge of advancing the cause of workers, not only in a pecuniary sense, but also within a sound legislative framework.

But even as we reminisce, we must recognise that times are changing.

The new global environment places greater demands on workers, as well as on Government, to ensure that as a small country, we are well positioned to face new challenges and embrace exciting opportunities.

In today's global market economy, investments are no longer determined by national frontiers. Investors, both local and foreign, have a choice.

Jamaica has to ensure that the local environment is conducive to attracting investment so as to expand job opportunities, and to increase the capacity for greater productivity from the workforce.

The country needs institutional strengthening for better management and on-going assessment of productivity levels.

When I addressed your Congress in September, I mentioned that we were giving favourable consideration to income tax exemption for productivity schemes approved by the Productivity Centre.

You will be pleased to note that the post of Executive Director of the Jamaica National Productivity Centre is being advertised in newspapers this weekend. It will be filled before the end of the Financial Year.

A direct link must be established between productivity and incomes. An increase in productivity is the fundamental basis for achieving growth with low inflation and low interest rates. Economies with low productivity levels must rely on low wages in order to compete internationally.

If incomes are to rise, without the loss of competitiveness, then productivity levels must go up. Reforms to the labour market must place our firms and workplaces in a position where employers and employees can bargain on the basis of increases in productivity.

In an economy that is open to international competition, firms can no longer generate profits, by simply paying higher wages and then increasing their prices. Profits must derive from greater efficiency and productivity levels.

Related to the matter of productivity bargaining is the introduction of negotiation protocols that would support a more efficient process for industrial disputes resolution. This would involve *inter alia* the early submission of claims, the definition of negotiating parameters underpinned by joint commitments to the settlement of disputes without recourse to strikes, lockouts, sickouts, go-slows, and other like forms of industrial action.

I also spoke to your Congress of the need for restraint on expenditure, without which employment levels would be reduced. I wish to reiterate here, that without increasing investment and productivity and cutting back on expenditure, we cannot succeed in the new order.

If the Jamaican economy is to enhance its international competitiveness as a basis for increasing investment and stimulating strong growth in output, it is essential that we undertake significant reform of the labour market.

An important objective of the reform must be the transformation in employment relations that reflect the significant changes that have occurred in the Jamaican economy and in the international marketplace.

It is particularly important that our firms develop education programmes through collaboration between labour, capital, and the state;

that sensitize their members to the importance of achieving international competitiveness as a basis for the survival and growth of businesses, and the preservation and expansion of jobs.

Government continues to do its utmost. We remain convinced that for the private sector to truly be the engine of growth, it needs to be supported in its efforts to invest in the production of goods and services for the creation of employment.

In yet another partnership between Government and the Private Sector, we intend to eliminate, to the fullest extent possible, the legislative and regulatory constraints that have been identified by the Private Sector, as impeding its ability to do business.

We are introducing a programme, operating from the Cabinet Office, aimed at increasing efficiency, profitability and competitiveness, ensuring that businesses grow and thrive and create good jobs in the shortest possible time.

Workable solutions must be found to remove impediments that now hinder business transactions, and they must be found now.

The Programme will be strongly goal oriented, and will be conducted in a number of phases. It will begin with a survey of private sector firms to identify critical areas of bureaucratic obstacles for resolution or elimination, and will therefore entail the examination of existing rules adopted by business facilitation agencies.

Brothers and Sisters,

Our Unions, as critical members of the social partnership, have a strong interest in the economic state of our nations.

Permit me, therefore, even on a festive occasion such as this, to share with you my perspective on the challenges and possibilities as we come to the end of this calendar year.

I am doing so, because workers and their families are critical in all deliberations of this Administration and the decisions we make.

The Minister of Finance told Parliament on Tuesday, that the budget deficit for this Fiscal Year will be greater than we had projected.

Tonight, I wish to say something of critical importance to the members of this audience; to the local business and financial community, but equally important to our external creditors.

The planned deficit of 4.4% of GDP for Fiscal Year 2002/2003 was within the context of a medium-term programme that would lead to a balanced budget in Fiscal Year 2005/2006.

I wish to say explicitly to you, to the local business and financial community and to the world at large, that although we have fallen behind during this Fiscal Year, we intend to stick to our target of the balanced budget as originally planned by 2005/2006.

Why is it important for me to make this commitment? This target is not being enforced by any external power. This is a time-table which has been set by the Cabinet of Jamaica.

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We have to return to the programme because creditors, local and foreign, assess our credit-worthiness based on whether we fulfil our commitments.

Jamaica has built up an enviable reputation over the years and we have no intention of tarnishing it.

We honour all our debt obligations in full, and on time.

* Rating:
outlook - (mixed).

The commitment to return to the balanced budget by 2005/2006 has implications on two sides. In terms of expenditure, we have to ensure that we get full value for every dollar we spend. This means that every worker, every contractor, every civil servant, every Minister will have to give of his and her best. We will be looking carefully for areas of waste and there will be no room for excessive spending or even a hint of corruption.

The need for increased efficiency and productivity is not solely with regard to the public sector. It applies as much to the private sector, to workers, to managers, whether you are in a factory, an office or a hotel.

The basic social services will be protected, so that we can continue to ensure that those at the bottom of the economic ladder are protected. We must afford them opportunity to improve life for themselves and their families.

But there is another perspective. We need to increase revenues to meet our expenditure obligations. There are too many persons who are earning income but who are not making their fair contribution in terms of tax payments. These are “free loaders” and they will not be allowed to escape as usual.

We are going to close the loopholes, not only because we need additional revenue, but also because it is not fair to the P.A.Y.E. persons who have no option but to make their contribution.

In addition to improving efficiency in tax collection, we have to grow the economy. The Government has responsibilities to create an appropriate environment for increased private sector activity.

We are tackling crime and in 2003 the war will be waged until we have a Jamaica where decent men and women feel safe to build their lives.

The Government will continue with the various projects it has announced -

projects for improving physical infrastructure;

projects for rehabilitating agriculture; and

projects in tourism -

all aimed at expanding the economy.

However, there is a need for partnership between the private sector and with the labour movement. For you, the representatives of the workers, the Government's record in terms of protecting your rights is well established. We will continue in the same vein. However, there is a *quid pro quo*.

Workers must realise that we operate in an increasingly competitive world economic environment. Productivity levels must be increased in both the private sector and in the state sector.

- There is no substitute .

The country can only move forward if all the partners work in concert.

Ladies and Gentlemen,

The Government has indicated its readiness to engage in appropriately structured consultations to establish a national framework agreement that would enable us to expand and modernise the economy; to enhance our competitiveness across the various sectors.

We look forward to making significant progress in the New Year.

The framework is being methodically constructed for the efficiency and productivity towards which we aim.

It goes without saying, that the Trades Unions have a significant role to play in the process. The NWU cannot abdicate its position in the vanguard of establishing a niche suitable for the next half century.

It is clear, from the list of awardees to be honoured tonight, that the staff of this Union is dedicated to the mission. I congratulate you on the length and quality of your service, and look forward to continued collaboration with this great institution, in the building of this, our great nation.

May God bless you all.