

# CONTENTS

---

PRESIDENT'S MESSAGE .....	2
EXECUTIVE COMMITTEE .....	3
THE WORLD ECONOMIC ENVIRONMENT .....	4
THE NATION .....	6
THE ORGANISATION .....	10
THE SECRETARIAT .....	14
ADMINISTRATION .....	15
FINANCIAL STATEMENTS .....	17
FINANCE & MEMBERSHIP .....	31
PSOJ & (HOLDINGS) LTD. ....	32
PSOJ EXPENSE BUDGET .....	32
PSOJ REVENUE BUDGET .....	33
PSOJ CASH FLOW BUDGET .....	33
THE PSOJ IN ACTION .....	34
COMMUNICATIONS .....	35
ECONOMIC AND BUSINESS DEVELOPMENT .....	37
HEALTH SECTOR INITIATIVES PROJECT .....	40
THE NATIONAL CRIME PREVENTION FUND .....	43
JAMAICA MEDICAL ASSISTANCE COMMITTEE .....	45
NATIONAL ACTION PLAN .....	47

# PRESIDENT'S MESSAGE

**DOUGLAS ORANE**

**Y**our organisation has completed another successful year during which we continued to promote our economic policy framework which advocates a private sector led market economy for Jamaica. While as an umbrella organisation for the private sector, our normal focus is on macro-economic policy, there were a number of social issues which during the year developed into matters of national concern and came to occupy a considerable amount of our time.



The issues of crime and electoral reform were two such matters which were studied intensely by the PSOJ over the past year and on which we took strong and carefully articulated public positions. We are happy to say that although much remains to be done, there has been considerable progress in the reform of the Police Force. The political parties also seem to be making progress in arriving at a consensus as to the electoral reforms to be implemented, and the information which we have received so far, suggests that they may be far-reaching and fundamental.

The principled positions which we take on issues continue to bear fruit and to be vindicated with time. For example, the introduction of the Cambios, a policy which we consistently advocated, has considerably broadened the foreign exchange market and contributed significantly both to the stability of the exchange rate throughout the first nine months of 1994, and also to the rapid build-up in the Net International Reserves of the Bank of Jamaica.

The rapid build-up in the country's NIR and the recent exchange rate stability have enabled the government to now shift the

focus of its economic policy from the structural adjustment of the economy to the fostering of strong, sustainable economic growth. To do this successfully, it will have to initiate urgent reform of fiscal policy and public administration. Strong economic growth will only be possible on a sustainable basis, when fiscal policy replaces monetary policy as the government's principal tool of economic stabilisation.

As the country's economic reforms bear fruit and our economic agenda shifts from adjustment to growth, it is essential that we develop as quickly as possible a long-term development strategy for Jamaica. This vision for the country should extend over the next 20 to 25 years and should spell out not only where we want to be at the end of this period, but how we are going to get there.

To be successful, such a strategy must have the widest possible public support including that of both political parties. Using the concept of Jamaica Inc. that is looking at Jamaica operating like a large corporation, and our broad membership base, the PSOJ will seek to develop such a country strategy. In the present environment of increasing dialogue and co-operation between the political and social groups in the society, we hope that this exercise will lead to the establishment of the economic and social policy framework which will place the country firmly on the path of strong and sustained development.

Despite the high inflation of the past year and the attendant increases in operating costs, your organisation remains in a healthy financial position and with your support, will continue to be so.

# EXECUTIVE COMMITTEE



William McConnell  
*Vice President*



Betty-Ann Jones-Kerr  
*Honorary Secretary*



FRONT ROW: (From left) Lionel Reid (Jamaica Hotel & Tourist Association), Douglas Orane (President), Beverley Lopez (Jamaica Exporters Association).

BACK ROW: (From left) Charles Ross (Executive Director), Delroy Lindsay (Vice President), Rex James (Jamaica Bankers Association), Albert Gray (Small Businesses Association of Jamaica) and Aulous Madden (Vice President).



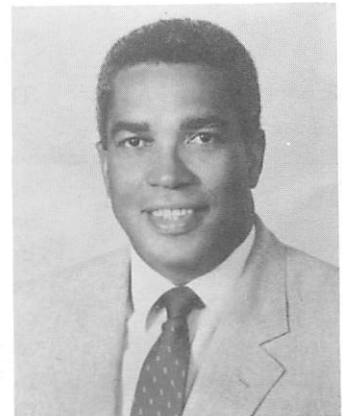
Elon Beckford  
*Honorary Treasurer*



Anthony Hyde  
*Jamaica Manufacturers Association*



Philmore Ogle  
*Jamaica Chamber of Commerce*



George Phillip  
*Jamaica Employers Federation*

# THE WORLD ECONOMIC ENVIRONMENT

## International Economic Performance

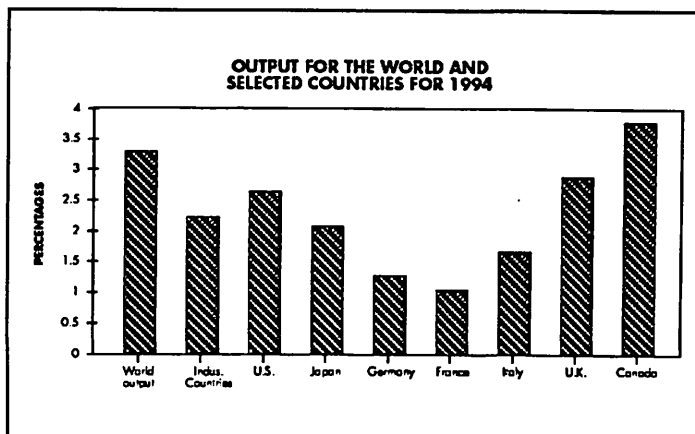
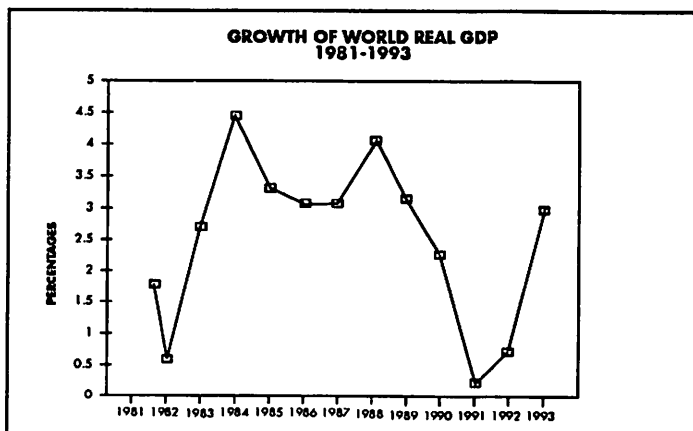
In 1993, the world economy was projected to grow by 3.1 percent with growth in the industrial countries estimated at 1.3 percent after modest performance in 1992. Stronger growth of 6.1 percent was forecast for the developing countries in Asia, the Western Hemisphere, the Middle East and Europe. Forecasts that there will be a resumption of stronger growth in 1994 are still tentative.

The IMF reported that Economic recovery in some of the Central European countries in transition to market economies provides encouraging evidence of the progress that can be achieved with sustained stabilization and reform efforts. However, high inflation levels and excessive budget deficits, excess demand pressures, and worsening poverty in others threaten to prolong their economic crisis.

Statistically, indicators of World economic activity: trade volume, commodity, and consumer prices showed improvements in 1993, and positive projections for 1994.

World trade volume which recorded an increase of 4.6 percent in 1992, grew more slowly in 1993, recording 3.0 percent and is projected to grow by 5.0 percent in 1994. The commodity price for oil in U.S. dollars a barrel (that is the simple average of the U.S. dollar spot prices of U.K. Brent, Dubai, and Alaska North Slope crude oil) which was US\$18.22/barrel in 1992, fell to US\$16.68/barrel in 1993, but is projected to rise to US\$17.23/barrel in 1994.

In industrial countries, inflation reached 3.0 percent in 1993, and is expected to slow to 2.7 percent in 1994, while the comparative figures in developing countries were: 43.8 percent and 34.7 percent respectively.



Notwithstanding this outlook the IMF reported that there may be relatively slow growth of world activity during the period ahead, implying that margins of slack are likely to remain large in many countries and that rates of unemployment may increase further, especially in Europe, through much of 1994.

Further, it has been speculated that slow growth and weak labour market conditions, in turn could lead to increased demands for protection and could delay critically needed efforts to reduce large structural budget deficits in many industrial countries. Evidently, these risks could create additional uncertainty in 1994.

Given this backdrop of near-term uncertainties, it is being advised that we approach 1994 with cautious optimism that global economic performance will strengthen gradually. This outcome will be dependent on the following:

- substantial reduction in the large fiscal imbalances in North America and Europe over the medium term;



- continued success in containing inflation in most industrial countries through the temporary support of monetary policy;
- increased progress in reducing interest rates to levels appropriate to the weak economic conditions of some of the countries participating in the Europe exchange rate mechanism;
- the implementation of a global cooperative effort to bolster confidence and strengthen prospects for a durable, non-inflationary world expansion, based on the IMF's "Declaration on Cooperation for Sustained Global Expansion" in April 1993.

## Developing Countries

Developing countries experienced rapid economic expansion in 1993, with aggregate output increasing to 6 percent and projected to reach 5 1/2 percent in 1994. The level of imports by developing countries was projected to rise by 9 percent in both 1993 and 1994, 1 percent below the 1992 level. These statistics highlight the significance of these countries to global economic prosperity especially in view of the continuing recessionary conditions in some industrial economies. However, this is not representative of the performance of many developing countries, instead there is a growing number of developing countries which contrast sharply with

the more successful countries. Data has shown that per capita real incomes have continued to fall and are now lower than they were one or even two decades ago.

## The Newly Industrializing Economies - Asia

On the other hand the impressive economic performance of the most successful developing countries - namely the newly industrializing economies in Asia, South Korea, Hong Kong, Taiwan Province of China, and Singapore - stand out as particularly successful examples of outward - oriented development strategies. While, more recently Indonesia, Malaysia, and Thailand have undertaken significant structural reforms that have boosted economic growth. The improved flexibility of markets has also enabled them to better withstand external

shocks, such as the recent slowdown in global activity.

## Latin America

In Latin America, many countries, including Chile and Mexico, and more recently, Argentina, have achieved a reduction in inflation and more rapid growth in recent years following significant changes in their economic policies that have increased the role of market forces, opened their economies to foreign competition, and led to the privatization of state owned enterprises.

In general, the overall success of these countries, illustrates both the longer-term benefits of sustained stabilization and reform efforts and the scope for growth to recover when the necessary reforms and a stable macroeconomic environment are in place. In all cases, market forces have increasingly been allowed to allocate resources efficiently, through the following:

- price liberalization
- financial market reforms
- outward-oriented trade policies
- exchange market unification and convertibility

The IMF noted that the benefits of improved incentive structures have in turn been reinforced by the maintenance or restoration of a stable macro-economic environment characterized by low fiscal deficits, moderate rates of inflation, positive but low real interest rates, viable external positions, and competitive and stable exchange rates.

Table 2.1  
WORLD ECONOMIC OUTLOOK

	1991	1992	1993	PROJECTION
World output	0.6	1.7	2.2	3.2
Industrial Countries	0.5	1.7	1.1	2.2
United States	-0.7	2.6	2.7	2.6
Japan	4.0	1.3	-0.1	2.0
Germany	1.7	1.9	-1.6	1.2
France	0.7	1.4	-1.0	1.1
Italy	1.3	0.9	0.3	1.7
United Kingdom	-2.2	-0.5	1.8	2.8
Canada	-1.7	0.7	2.6	3.8
European Community	0.8	1.1	-0.2	1.6
West Germany	4.5	1.6	-2.2	0.6
Developing Countries	4.5	5.8	6.1	5.5
Jamaica	0.3	1.2	-1 to +1	2.0
Former U.S.S.R.	-11.8	-17.8	-13.7	-2.4
World Trade Volume	2.4	4.6	3.0	5.0
Industrial country import volume	2.5	3.7	1.2	3.4
Developing country import volume	9.7	10.5	9.3	9.1
Commodity Price (In U.S. dollars)				
Oil	-17.0	-0.5	-8.4	3.3
In U.S. dollars a barrel	18.30	18.22	18.68	17.23
Non-fuel	-4.5	-0.2	-2.5	3.9
Inflation				
Consumer Prices				
Industrial countries	4.6	3.3	3.0	2.7
Developing countries	35.7	38.8	43.6	34.7
Countries in Transition	103.2	786.0	581.5	138.1
Central Europe	119.3	162.2	142.1	79.6
Former U.S.S.R.	98.1	1284.6	940.6	170.0
Six-month LIBOR (In percent)				
On U.S. Dollar Deposits	6.1	3.9	3.5	4.1
On Japanese Yen Deposits	7.2	4.3	3.2	3.3
On Deutsche Mark Deposits	9.4	9.4	7.0	5.4

# THE NATION

## The Jamaican Economy

An evaluation of the Jamaican economy should seek to assess the effects of macro-economic policies pursued as well as the impact of local and international developments on the economy. Macro-economic policies during 1993, included a continuation of the structural adjustment programme and focused on tariff adjustments, inflation control and exchange rate stabilization, taxation and revenue collection as well as public sector and fiscal policy management. The initiatives utilized had mixed effects on the country's economic performance as it continues its transition process towards becoming more competitive, modern and market - driven.

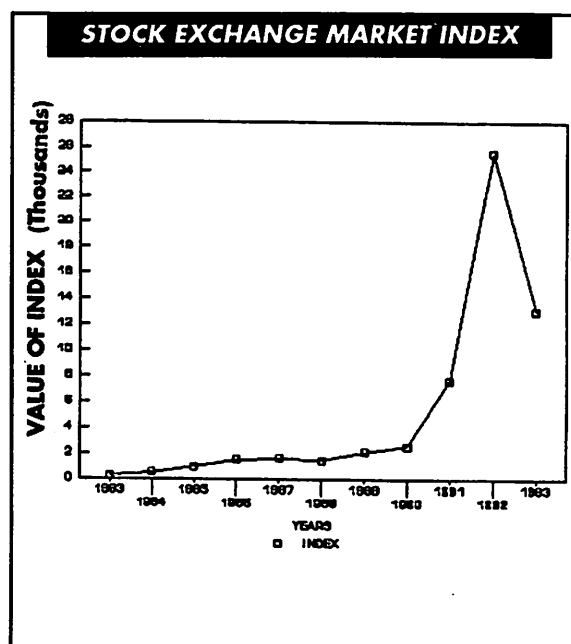
Major external factors which influenced economic activity in Jamaica during 1993, were:

- a. the continuing decline in world prices for aluminium which resulted in decreased earnings of the local bauxite and alumina industry;
- b. changes in trade agreements, relationships and arrangements affected the marketing of traditional and non-traditional exports and the levels of earnings derived from them;

Locally the mix of monetary and fiscal policies implemented during 1993, resulted in the following:

1. High interest rates, lower levels of investment and production, declines in activity on the stock market, increases in money supply and depreciation of the local currency. An overall higher level of inflow of foreign exchange to the official market and foreign currency accounts also occurred in the latter half of 1993 and continued into 1994.

2. Government's deficit financing continued during 1993, taxation increased, the internal debt rose, inflation remained high and the general round of wage increases and tariff and income tax restructuring, prompted and fueled an increase in consumption which led to a significant increase in imports, which, against no similar rise in exports gave rise to a massive trade deficit.

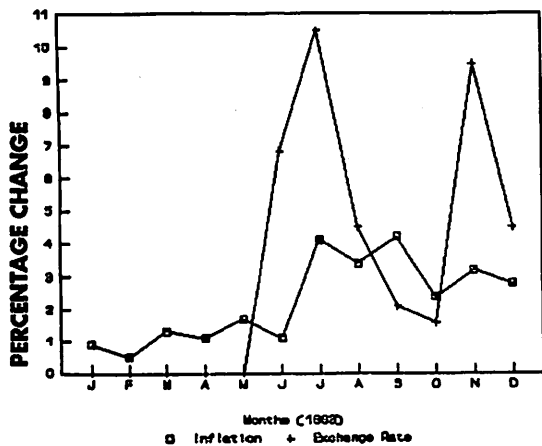


3. Excessive Government regulation and customs procedures as well as the overall negative reaction of the business sector and the Jamaican populace at large to the domestic environment helped to foster the deterioration in the economy.

During 1993, Jamaica's Gross Domestic Product is estimated to have grown by 1.2%, thereby maintaining a sluggish growth trend continuing into its third year. Both local and external factors continue to influence the out turn of sectors as they experienced mixed outcomes. The financial and commercial sectors operated under generally tight conditions but they exhibited some level of

## INFLATION AND EXCHANGE RATE MOVEMENTS

1993



resilience which culminated in a positive out turn for 1993.

## Agriculture

This sector grew by 8.8% in 1993, and was due mainly to increases in domestic crop production, and traditional exports especially sugar, rum and coffee. Traditional agricultural exports earned US\$188.9 million in 1993.

## Mining

The performance of the local bauxite/alumina industry during 1993, continued to be adversely affected by relatively low international prices of these commodities on the world market. Bauxite exports fell while alumina exports increased during 1993. Total earnings were US\$527.9 million, which was 10.1% lower than for 1992. Earnings from the Quarrying sub-sector were 55.3% more than in 1993.

## Construction

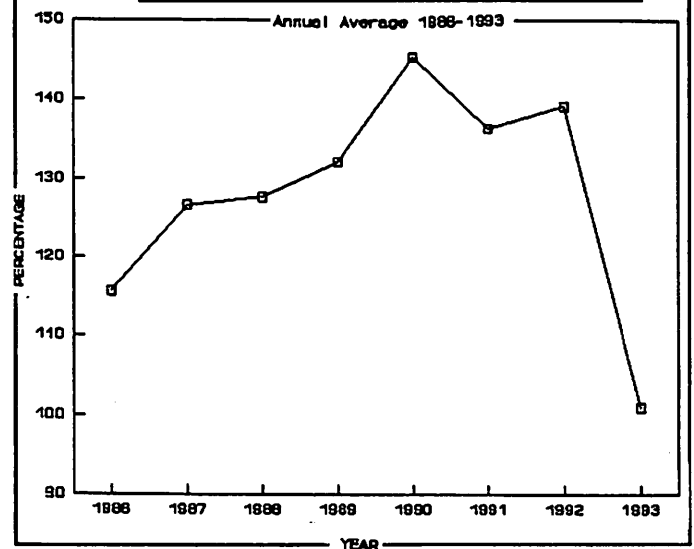
The construction sector, which reflects the pulse of economic activity in terms of employment and investment, showed a significant increase in activity during 1993. For the year, housing starts increased by 9.7% and completions showed a marginal decline over 1992. Financial resources to the sector rose by 35.7% from Commercial Banks and 12.6% from other financial institutions. Domestic production of some construction materials e.g. cement, steel,

lumber showed marginal increases in output over 1992. However, the value of imported construction materials rose during 1993, thereby filling the demand/supply gap.

## Manufacturing Sector

This sector continued to show an overall declining trend. It is estimated to have declined by 1.4% in 1993. However, some sub-sectors remained buoyant and experienced impressive growth rates eg. the garment sector which grew by 20.0% in 1993, and earned US\$462.0 million. The manufacturing sector continues to be traumatized by the implementation of macro-economic policies such as the high interest rate regime which have proven to be non-conducive to the sector's growth.

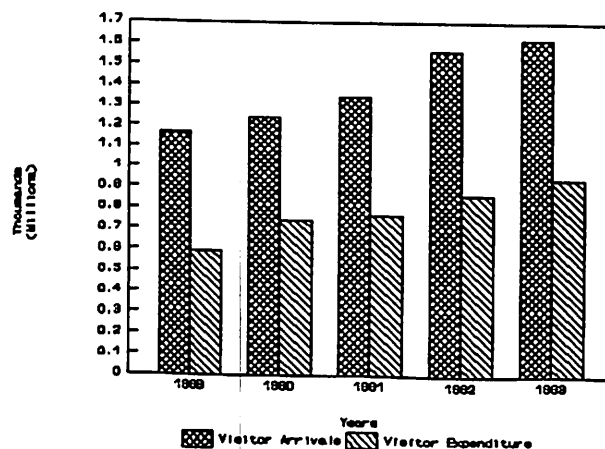
## MANUFACTURING SECTOR INDEX



## Tourism

Efforts made by the Jamaica Tourist Board and other related agencies to improve the

## COMPARISON BETWEEN VISITOR ARRIVAL & VISITOR EXPENDITURE



tourism product appears to have impacted positively on the sector as, for 1993, it experienced an 8% growth. Earnings amounted to US\$950 million, an 11.8% increase over 1992. Tourism is now Jamaica's number one foreign exchange earner. Visitor arrivals showed a 3.4% increase during 1993.

## Aggregate Demand and Consumption

There was a significant increase in both private and public consumption during 1993. Imports of consumer goods amounting to US\$426.7 million or 19.7% of total imports, showed a 21.2% increase over 1992 levels. Credit extended for consumption - oriented purposes supported this trend, as commercial bank credit to the consumer-oriented group was J\$4,053.6million showing a 90.3% increase during 1993.

of buoyancy in the economy, the profile of the balance of payments did not support this. Exports fell by 0.78% to US\$1.04 billion, while imports rose significantly to US\$2.16 billion, creating a trade gap of US\$1.12 billion. Although Tourism and other services netted US\$548.4 million and Transfers US\$333.4 million; these could not offset the trade deficit - so that the current account balance was minus US\$238.9 million compared with a surplus of US\$92.7 million in 1992. However, with improved inflows of foreign exchange both as private inflows and short term capital, this helped to improve the NIR by US\$98.1 million. However, this improvement in the NIR position is not the result of increased production and exports and may therefore be fragile.

## Mid-Year Summary of 1994

For the nine months to September 1994, there have been a few encouraging changes in the economy.

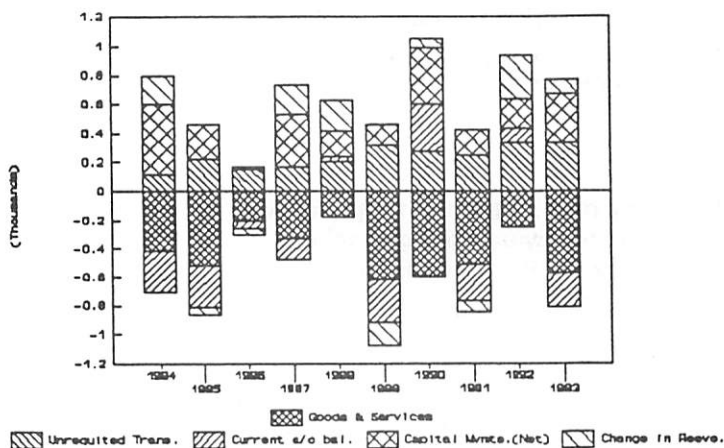
The foreign exchange rate has been stable and the market has been buoyant. Inflows have increased over last year's level, as investors seek to capitalize on the attractive interest rates offered locally. The Net International Reserves of Bank of Jamaica have grown strongly and reached US\$271.6 million at September 1994.

The exchange rate has held at about J\$33.50 to US\$1 for close to nine months. However, inflation is still rather high and well above the initial forecasts for 1994. The January to August rate was 21.95% and appears to be heading for about 30 - 35% for the year.

The Central Bank has begun lowering interest rates, as those on Government paper are trending downwards, with a similar trend in the rest of the financial sector. Earnings reports for some listed companies on the Stock Exchange have shown a healthy recovery and there is the likelihood that the stock market will recover some lost ground this year.

The fiscal data for January to March 1994 quarter has followed the relatively usual trend of last quarters of fiscal years - Expenditure is usually contained within rev-

**BALANCE OF PAYMENTS SUMMARY  
IN US\$ MILLION**



Aspects of fiscal and monetary policies implemented during the year relating to imports in general and motor vehicles specifically, income tax laws and wages and salary related payments as well as the continuous increases in money supply all served to foster increased consumption in the economy. While giving the appearance



*ABOUT THE ECONOMY: PSOJ Vice President Delroy Lindsay posed an important question to the Honourable Errol Ennis, Minister of State in the Ministry of Finance & Planning (right) who gave the Opening Address at the Organisation's Seminar on the Economy. Seated beside Minister Ennis is Mr. Sam Stephens, a former IMF Advisor, who was the Guest Speaker at the Seminar which was held at the Wyndham Kingston Hotel in May 1994.*

enue in this quarter. Revenue for January to March 1994 was J\$10,738.0 million, whereas expenditure was J\$10,220.6 million resulting in a quarterly surplus of J\$517.4 million. However, the overall deficit for the fiscal year was J\$7,013.9 million or 6.8% of GDP.

In the tourism sector - visitor arrivals January to August 1994 compared to January to August 1993 showed a 1.82% decline. For the period January to June 1994 compared with 1993, visitor arrivals were flat, and earnings for the sector in 1994 were US\$466.2 million compared with US\$458.1 million in 1993, (a 1.7% increase). If this trend continues, then earnings from the sector could be significantly less than for 1993. A fall in earnings in this sector will have negative repercussions in the economy for farmers, merchants and sector-linked employment, not to mention its impact on the overall buoyancy of the foreign exchange market.

Activity in the mining sector has improved. Local production of bauxite and alumina have increased and prices on the world market are rising. Manufacturing continues to be flat (except in the garment sector). As the fervour for new cars abates - high lend-

ing rates making them less affordable, this should help to further decrease the import levels which up to July 1994, was US\$1,177.7 million, 1.4% lower than in July 1993. Exports then, stood at US\$690.1 million, improving by 5.9% over July 1993. The trade gap narrowing by US\$55.2 million or 10.1%. However, exports are projected to perform better during the latter part of the year and hopefully the trade gap at the end of 1994 will be somewhat less than it was in 1993.

Although by mid-94 money supply growth had slowed somewhat, foreign exchange purchases by the Bank of Jamaica had by then become the leading factor behind the continuing growth in the money supply. The underlying factor behind the growth of money supply, the weakness of fiscal policy, was accentuated when it was revealed that there were huge liabilities at both Air Jamaica and the sugar factories which government was unaware of until the divestment process was far advanced. The achievement of a quantum leap in the financial management of the public sector agencies will have to form a central part of any sustainable adjustment programme for the Jamaican economy.

# THE ORGANISATION

**I**nternational developments continued to hold center stage at our last Annual Retreat and International Trade Reforms continue to impact directly on the local economy. The NAFTA Treaty was passed into law in the United States and Mexico, and the Uruguay Round of the GATT negotiations on international trade were successfully concluded. Since the passage of the NAFTA Bill, the countries of the Caribbean Basin which are beneficiaries under the CBI Legislation have lobbied intensely to get parity with Mexico under NAFTA. This effort was born of the conviction that there would be a diversion of both trade and investment from the Caribbean Basin to Mexico, if the latter were to benefit from preferential tariffs under NAFTA.

At the end of the day, the only area which the US Administration was willing to consider parity, was with respect to the apparel sector. A NAFTA Parity Bill was drafted with the objective of giving the CBI countries parity with Mexico with regard to apparel exports for a 3-year period initially. This bill was appended to the Legislation concerning the ratification of the Uruguay Round Agreements, which was expected to have an easy passage through congress and the Senate. However, even this concession is now in doubt as there has been mounting opposition in Congress to the Uruguay Round Agreements and there is now some doubt as to whether or not this Legislation will be passed by the US Legislature.

The Agreements reached under the Uruguay Round of the GATT (General Agreement on Tariffs and Trade) negotiations envisage the establishment of the World Trade Organisation (WTO) which will oversee the implementation of the new Agreements on World Trade and act as an international arbiter in trade disputes among member countries. The WTO will also make rulings as to whether actions or legislation by member countries constitute a breach of the rules of the WTO. The Agreement, if ratified and implemented by the countries of the world,

will lead to a substantial growth in world trade and will also revolutionize trade in certain commodities, such as agricultural products which have traditionally been both highly protected and heavily subsidised.

The emergence of the single market in the European Union (formerly Community) continued to have repercussions for the ACP banana exporters (of which Jamaica is one). There were, and continue to be, efforts by Latin American banana producers and Germany, to undo or change the regime which was established in Europe to guarantee ACP exporters continued access to that market. Initially, there was a severe fall in prices and much uncertainty, but the market has settled down somewhat and better prices are now being obtained for the fruit.

Next year will see the beginning in earnest of the mid-term review of the present Lome Agreement. It appears that, contrary to the opinions of the ACP countries, the Europeans are intending to make fairly substantial adjustments to the present Lome Agreement. One change which is quite likely and will have profound implications is the proposal that grant funds for development either be used by the countries to which they are allocated initially, or if not drawn down by a particular time after allocation, be withdrawn and given to another country which has used up or is using up its own initial allocation. Given our very poor record of project implementation and very slow rate of loan drawdown, Jamaica is likely to be one of the countries which will suffer from such a policy. What is more, most Lome funds are given in the form of grants and thus the use of them does not impact negatively on the country's foreign debt servicing obligations.

There is also considerable uncertainty as to the form of future Lome-type agreements between the ACP and Europe. As the European Union expands to include the Scandinavian and middle European countries, the influence of the former colonial



powers, France and England weakens, therefore lessening the strength of the special relationship between the ACP countries and the E.U. Germany and the newer members of the E.U. are pushing for a more broad and general relationship with the developing countries, thus diluting the preferential treatment presently accorded to ACP countries and subsuming the relationship with these countries under its broader policy towards developing countries. Under this new regime, it is already apparent that priority and pride of place will go to the countries that have the most to offer in terms of trade and investment opportunities. The danger of marginalisation is a very real one, for the small countries of the Caribbean. Strong economic growth which will at least offer a growing market will be the only factor in our favour in the brave new world of post-communist geo-politics.

Changes in the world economy as a result of the fall of communism continued to affect Jamaica in both positive and negative ways. The dumping of aluminium on the world market by the former countries of the Soviet Union continued to depress prices and thereby reduce our earnings from the bauxite/alumina industry. However early in 1994, the producer countries seemed to have agreed on production cuts which have resulted in a sharp rise in aluminum prices on the world market. If this price recovery can be sustained, then there is hope for a significant increase in export earnings from the local mining sector in the not too distant future.

While the mining sector has suffered from the entry of the former Soviet countries into the world market, the local poultry industry has benefited. The importation of cheap chicken-leg quarters from the United States, was putting the local poultry industry under severe pressure. Their problem was compounded by the fact that they could not export any chicken meat to the US to take advantage of the wide disparity in price in that market, between the breast meat and the other parts of the chicken. The industry was rescued however, by the opening of the Russian market to US poultry exports. Demand in that market was so strong that the price of the leg quarters rose to such an extent that the product no longer posed a terminal threat to the local poultry industry.

However, the entire agricultural sector is likely to soon face the same sort of threat as that which the poultry industry faced recently, except that this time the problem has arisen as a result of loan agreements that the government has signed with the multi-lateral lending agencies. This year, the government is obliged to remove protective stamp duties on a wide range of agricultural products, thus exposing local farmers to direct competition from subsidised and dumped agricultural exports from the industrialised countries.

The proposed removal of the stamp duties has its roots in loan agreements that were signed with the World Bank and the Inter-American Development Bank (IDB) in 1990. Without careful study, it is impossible to accurately assess the impact of such action on the country's farmers and the economy in general, but certain outcomes can be anticipated with a fair degree of certainty.

It will lead to further impoverishment of the already poor rural communities across Jamaica, and aggravate all the social problems which flow from that. A further consequence may be an increase in the urban drift as displaced agricultural workers and small farmers leave their communities to seek



**WORKING TOGETHER:** Charles Ross, PSOJ Executive Director (centre) chaired the first meeting of the Joint PSOJ/Beacon Council Working Committee which was held at the Offices of the PSOJ in March 1994. At Mr. Ross' right is John Hall, Vice President of the Beacon Council, who led the delegation from Florida. The Committee is working at fostering trading relationships between members of both organisations.



employment in Kingston and the major north coast towns. This in turn may lead to increased over-crowding in the urban ghettos, more squatting in and around these urban centres, more crime, more mal-nutrition and more social problems. The impact of all this on our already battered tourist industry is likely to be decidedly negative. The scale on which all this may take place is likely to be quite frightening when one considers the tens of thousands of people who derive their income from domestic agricultural production.

There are also likely to be negative repercussions at the macro economic level as a decline in agricultural output will lower overall gross domestic product. Increased imports of agricultural goods will also worsen our balance of trade which is in the most unfortunate situation where imports exceed exports by a factor of 2:1. The really unfortunate thing in all of this is the fact that agricultural interests have not yet mounted a united and strong lobby against the government's proposals to remove the stamp duties. The dairy industry has already come under intense pressure and it seems to be only a matter of time before that industry suffers a significant contraction. Unless there is a major change of policy on the Government's part, it is only a matter of time before other sectors suffer the same fate.

Shortly after the 1993 general elections, the President had appointed a Committee under the chairmanship of Ms. Sonia Jones to study the electoral process and make recommendations for its improvement. The committee sat and interviewed a wide cross-section of people who had been involved in the electoral process in various ways and at varying points in time. The report was completed earlier in this year, and after review and ratification by Council, it was accepted and made public. The President presented copies to the Prime Minister, the Leader of the Opposition, and the Chairman of the Electoral Advisory Committee. The report was published recently in the Gleaner as a supplement.

Coincidentally, the Electoral Advisory Committee has just published its own report and recommendations and we will be reviewing it to see how well it addresses some of our major concerns. Media reports indicate that the Electoral Advisory Commit-

tee supports in principle, the concept of electronic voting and it will be interesting to see how enthusiastically government responds to this proposal. Meanwhile, the opposition continues its boycott of elections and the government continues to hold them regardless.

At the Council Meeting in December 1993, the President Mr. Douglas Orane was unanimously re-elected. Vice President Joseph M. Matalon stepped down and Mr. Aulous Madden was elected Vice President to replace him. Messrs Delroy Lindsay and William McConnell were re-elected to their former positions of Vice President. Mrs. Betty-Ann Jones-Kerr was elected Honorary Secretary, replacing Mr. Aulous Madden, and Mr. Elon Beckford was elected Honorary Treasurer. The Associations' membership on the Executive Committee remained the same as the previous year:

Dr. George Phillip	- President, JEF
Mr. Philmore Ogle	- President, JCC
Mjr. Anthony Robinson	- President, JMA
Mr. Lionel Reid	- President, JHTA
Mr. Albert Gray	- President, SBAJ
Mr. Douglas Folkes	- President, JBA
Mrs. Beverly Lopez	- President, JEA

During the year, the Presidents of two Associations changed as follows: Mr. Anthony Hyde replaced Major Anthony Robinson & Mr. Rex James replaced Mr. Douglas Folkes.

The President paid tribute to Mr. Joseph M. Matalon for the many years of service which he had given to the PSOJ, both as an Officer, and a long-standing member of the Economic Policy Committee. The President hosted a dinner in his honour which was a most enjoyable affair.

September 1994 will mark the first anniversary of Col. Trevor MacMillan's appointment as Commissioner of Police and it has been a very eventful year indeed. Although he has undoubtedly had a positive impact on the Police Force, he has not been able to move as far and as fast as he would like with the reform process, due to the arcane legal statutes under which the force is governed and the less than enthusiastic approach of the political directorate to resolving these problems. However, change seems underway, albeit slowly, and we only hope that Col. MacMillan does not become frus-

trated by the pace of reform and leave the job before his mission is accomplished.

Crime and violence continues to be a severe problem. A number of tourists have been killed, which did not help the industry, and locals do not feel safe either. The country's mood and image has not been helped by the recent BBC TV documentary showing the connection between local political/drug gangs and the "yardies" and "posses" in the U.K. and North America respectively.

The members of the Executive Committee continue to attend National Planning Council Meetings and also continue to meet with

members of the Opposition's shadow cabinet. Our organisation is also being drawn into a number of government committees on a wide range of subjects, varying from foreign policy through squatter resettlement to the monitoring of the implementation of the Wolfe and Hirst Reports.

Finally, the National Action Plan is in its second year of operation. The programme has not to date yielded the sort of results which we hoped for at the outset, but the intention is to re-focus it somewhat and obtain some useful results. The Business Behaviour Survey is being repeated this year and the interviewers are at present out in the field collecting data.



*STRAIGHT TALK: It was a frank discussion between PSOJ Executive Director Charles Ross (right) and Talk Show Host Wilmot Perkins during the live broadcast of STRAIGHT TALK from the Offices of the PSOJ in July 1994.*

# THE SECRETARIAT

---



FRONT ROW: (From Left) Paula Baugh (JAMAC Co-ordinator), Ann-Marie Hendriks (Accountant), Winsome Virgo (Secretary), Carol Bailey (Office Attendant), Nadine Mitchell (Clerk), Marlene Fraser (Secretary, National Action Plan).

SECOND ROW: (From Left) Lester Facey (Messenger), Cynthia Hutchinson (Senior Research Economist), Margaret Nash (Communications Assistant), Cecil Lindo (Caretaker) and Marcia Ormsby (Communications Officer).

THIRD ROW: (From Left) Alford Groucher (Messenger), Noveletta Samuels (Receptionist), Dawn Fisher (Senior Secretary), Evett Evans-Coombs (Executive Assistant) and Jennifer Owen-Williams (Sector Advisor, National Action Plan).

BACK ROW: (From Left) Johnetta Johnson (Senior Secretary, Health Sector Initiatives Projects), Audrey Tomlin (Co-ordinator, Health Sector Initiatives Projects), Charles Ross (Executive Director), Hugh Perrin (Director, Finance & Membership) and Kirk Chang (Accounting Clerk).

Missing from Photo: Diana Housen (Computer Operator), Glenford Millin (Research Economist) and Frank Lopez (Executive Director, National Action Plan).

# ADMINISTRATION

---

## Staffing

Staff turnover during the year under review was low, when compared with that of previous years.

	Resigned	Replacements
Dawn Battick (HSIP Coordinator)	30/06/94	Audrey Tomlin
Michael Nash (Messenger)	18/04/94	A. Groucher

The position of Director of Economic Research and Development is still vacant. All other positions have been filled and the staff complement stands at 19 plus one (1) temporary clerical worker.

programme for members of staff wishing to upgrade their skills at the expense of the organisation.

## Staff Benefits

The benefits as provided by Life of Jamaica were revised and upgraded in 1993, along with the Investment and Pension Funds. These are currently undergoing yet another revision as a result of the increasing inflation rate.

Staff continue to express the need for more training opportunities and benefits.

## Internal Human Resource Development

While staff training has been restricted to computer orientation there is still a need for proper/adequate training in order that staff be fully functional in all the programs.

There is now a new computer system which is to replace the existing PICK System. Training for all members of staff to become conversant with this system is being organised. The aim is for all members of staff to become computer literate in Lotus 123 and Wordperfect among other software packages. Also to be included in the training is WINFAX which will allow automatic fax transmission from some work stations.

Efforts are being made to include in-house desk-top publishing in the near future and members of staff will be trained to use this facility. Already, a software package and text books have been purchased and the Computer Co-ordinator and one other member of staff are able to access program within limitations.

Consideration is still being given to the introduction of a study leave and bonding

## The Building Environment

The Air Conditioning system, though still not adequate for the requirements of the building, has improved significantly with less frequent breakdowns. This is as a result of more frequent servicing and the installation of an additional unit in the annex.

The Security service continues to be operated on the reduced daytime service only (7:00 a.m. - 7:00 p.m.). In June, it became necessary to change the Contractor and service is now provided by Premier Security Company. To date, the service provided has been acceptable.

Complete check of the lighting has been made and the necessary upgrading done. Additional lighting is in place in the Economic Research Department and the National Action Plan Secretariat. Lighting on the outside of the building has been addressed but the pole to be planted to accommodate the electricity supply wires from the street, which are now suspended on the premises, remains to be done. The present stanchion is unable to properly hold up the wires to the required height.

Landscaping of the grounds is being maintained as well as supply of plants in the

offices. There needs to be a bit of landscaping - terracing on the mound at the front, cutting of some of the older trees and reviving of some of the shrubbery at the front of the grounds.

Efforts are being made to do this on a phased basis. A tree planting exercise has also been launched to provide shade on the premises. There (3) have already been planted at the front of the building.

The absence of a restroom continues to be an on-going concern for members of staff. The possibility of identifying space to house this facility is still being investigated.

The photocopier continues to work at a satisfactory level but due to the level of photocopying needs that exists at the Secretariat it is envisaged that a more efficient machine may have to be secured soon.

The water tank has been serviced and is now fully functional.

## **RJR Shareholding**

Hon. Secretary, Aulus Madden, continues to be PSOJ's representative on the RJR Board of Directors and attends the Company's Annual General Meeting. The PSOJ still holds 372,839 units of RJR shares at the current price of \$5.50, an unrealised gain of \$2 million.

## **Meetings and Seminars**

Coordination of meetings of Council, Executive Committee, Chairman's Club, Officers, Presidents' Council, Annual General Meeting, Retreat, Standing Committee on National Security, PSOJ (Holdings) Limited Board, and other special meetings continue to be carried out by the staff of the Executive Office.

### **a) Chairman's Club**

Chairman's Club continues to meet on a regular basis during the year.

### **b) The Standing Committee on National Security**

The Standing Committee on National Security continues to meet on the second Friday

of each month. Col. Trevor MacMillan, now Commissioner of Police and still a member of the committee, temporarily passed the chairmanship to Mr. Paul Hire Miller in August 1993. The Committee is now chaired by General Robert Neish who took over the reign in December 1993.

### **c) Environment Committee**

During the period under review, the Environment Committee was chaired by Hon. Gloria Knight, and has been working steadfastly at projects aimed at sensitizing the private sector and the wider society about environmental issues.

The Committee has successfully completed the first in a series of television environmental documentaries entitled "Source of Life". This documentary, which was financed by the Bauxite companies focusses on water. Discussions are now underway with the country's two (2) television stations to have this broadcast at an appropriate time. In addition, companies involved in the Adopt-A-School programme will be invited to purchase copies of this educational documentary for their respective schools. A similar invitation will be extended to community environmental groups.

The Committee has also been working on the following projects:

1. The establishing of an Energy Farm which would provide firewood for the residents/entrepreneurs in the Faith's Pen and surrounding areas.
2. Arranging Round Table Discussions on important environmental issues. A sub-committee has been working on the details of the first of these discussions, tentatively set for October 1994.
3. Establishing a Revolving Loan Fund which would enable private sector companies to conduct environmental audits in their companies. The amended proposal is to be submitted to lending agencies for funding.
4. Writing articles for Private Sector Focus (Sunday Gleaner) and the Enterprise.
5. Participating in PSOJ Viewpoint programmes.



# FINANCIAL STATEMENTS

---

THE PRIVATE SECTOR ORGANISATION OF JAMAICA

31 July 1994

	PAGE
AUDITORS' REPORT TO THE MEMBERS	17
FINANCIAL STATEMENTS	
Group profit and loss account	18
Group balance sheet	19
Company balance sheet	20
Statement of group cash flows	21
Notes to the financial statements	22-27
AUDITORS' REPORT TO THE DIRECTORS	
SUPPLEMENTARY INFORMATION	
Detailed Profit and Loss Account	30



## *Price Waterhouse*



14 October 1994

To the members of  
The Private Sector Organisation  
of Jamaica  
Kingston

### Auditors' Report

We have examined the financial statements set out on pages 18 to 27 and have obtained all the information and explanations which we required. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

In our opinion proper accounting records have been maintained and the financial statements, which are in agreement therewith and have been prepared under the historical cost convention, comply with the provisions of the Companies Act and give a true and fair view of the state of affairs of the company and the group at 31 July 1994 and of the results of operations and cash flows of the group for the year then ended, so far as concerns members of the company.

*Price Waterhouse.*

Chartered Accountants



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 July 1994

	<u>Note</u>	<u>1994</u> \$	<u>1993</u> * \$
GROSS OPERATING REVENUE	3	<u>10,695,982</u>	<u>7,720,528</u>
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	4	787,414	1,104,559
Taxation	5	<u>122,401</u>	<u>40,426</u>
PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY ITEMS		665,013	1,064,133
Extraordinary items	6	<u>-</u>	<u>4,090,490</u>
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		665,013	5,154,623
Dealt with in the financial statements of:			
The company		663,399	4,510,962
The subsidiary		1,614	643,661
Accumulated surplus beginning of year		<u>2,972,100</u>	<u>1,288,920</u>
Transfer to capital reserve	12	3,637,113 -	6,443,543 (3,471,443)
ACCUMULATED SURPLUS		<u>3,637,113</u>	<u>2,972,100</u>
Reflected in the financial statements of:			
The company		2,977,189	2,313,790
The subsidiary		659,924	658,310

\* Restated for comparative purposes only.



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

GROUP BALANCE SHEET

31 July 1994

	<u>Note</u>	<u>1994</u> \$	<u>1993</u> \$
<u>NET ASSETS EMPLOYED</u>			
FIXED ASSETS	7	4,314,998	3,441,905
DISCOUNT ON ISSUE OF DEBENTURES	8	86,513	93,722
PREMIUM ON REDEMPTION OF DEBENTURES	9	144,000	153,600
INVESTMENTS	10	1,558,340	1,558,340
 CURRENT ASSETS:			
Receivables		1,953,339	1,182,063
Taxation recoverable		-	92,078
Bank deposits		9,176,095	7,382,802
Cash		2,640,304	1,078,473
		13,769,738	9,735,416
 CURRENT LIABILITIES:			
Payables and accruals		1,449,702	1,194,948
Subscriptions received in advance		2,183,440	1,857,298
Bank overdraft	11	85,793	549,703
Taxation payable		20,396	-
		3,739,331	3,601,949
 NET CURRENT ASSETS		10,030,407	6,133,467
		16,134,258	11,381,034
 <u>FINANCED BY</u>			
CAPITAL RESERVES	12	5,085,892	5,085,892
 ACCUMULATED SURPLUS		3,637,113	2,972,100
		8,723,005	8,057,992
SPECIAL PROJECT FUNDS	13	6,475,293	2,387,082
LONG TERM LIABILITIES	14	935,960	935,960
		16,134,258	11,381,034

ON BEHALF OF THE COUNCIL

.....  
DOUGLAS ORANE

President

.....  
ELON BECKFORD

Hon. Treasurer



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

COMPANY BALANCE SHEET

31 July 1994

	<u>Note</u>	<u>1994</u> \$	<u>1993</u> \$
<u>NET ASSETS EMPLOYED</u>			
FIXED ASSETS	7	1,679,627	747,842
INVESTMENTS	10	1,558,340	1,558,340
INVESTMENT IN SUBSIDIARY		65,000	65,000
CURRENT ASSETS:			
Receivables		1,953,339	1,131,838
Taxation recoverable		-	97,215
Bank deposits		9,176,095	7,382,802
Cash		2,633,224	1,071,393
		13,762,658	9,683,248
CURRENT LIABILITIES:			
Payables and accruals		1,364,702	1,101,148
Subscriptions received in advance		2,183,440	1,857,298
Due to subsidiary		271,546	142,902
Bank overdraft	11	85,793	549,703
Taxation payable		5,155	-
		3,910,636	3,651,051
NET CURRENT ASSETS		9,852,022	6,032,197
		13,154,989	8,403,379
<u>FINANCED BY</u>			
CAPITAL RESERVES	12	3,702,507	3,702,507
ACCUMULATED SURPLUS		2,977,189	2,313,790
		6,679,696	6,016,297
SPECIAL PROJECT FUNDS	13	6,475,293	2,387,082
		13,154,989	8,403,379

ON BEHALF OF THE COUNCIL

.....) President  
DOUGLAS CRANE

.....) Hon.. Treasurer  
ELON BECKFORD



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

STATEMENT OF GROUP CASH FLOWS

Year ended 31 July 1994

	<u>1994</u>	<u>1993</u>
	<u>\$</u>	<u>\$</u>
CASH RESOURCES WERE PROVIDED BY/ (USED IN):		
OPERATIONS -		
Net profit	665,013	5,154,623
Items not affecting cash -		
Depreciation	309,056	247,606
Amortisation of discount on issue of debentures	7,209	7,209
Amortisation of premium on redemption of debentures	9,600	9,600
Gain on redemption of debenture	-	( 619,047)
Gain on sale of investment	-	(3,471,443)
	<u>990,878</u>	<u>1,328,548</u>
Changes in non-cash working capital components -		
Accounts receivable	( 771,276)	( 224,454)
Taxation	112,474	7,674
Accounts payable	254,754	808,614
Subscriptions received in advance	<u>326,142</u>	<u>( 21,416)</u>
	<u>( 77,906)</u>	<u>570,418</u>
Cash provided by operating activities	<u>912,972</u>	<u>1,898,966</u>
INVESTING ACTIVITIES:		
Purchase of investments	-	(1,535,665)
Additions to fixed assets	( 1,182,149)	( 138,449)
Sale of investments	-	<u>5,510,272</u>
Cash (used in)/provided by investing activities	<u>( 1,182,149)</u>	<u>3,832,158</u>
FINANCING ACTIVITIES:		
Special project funds	4,088,211	864,416
Loan repayments	-	( 759,884)
Contributions from members	-	<u>526,000</u>
Cash provided by financing activities	<u>4,088,211</u>	<u>630,532</u>
INCREASE IN NET CASH BALANCES	3,819,034	6,361,656
Net Cash balances at beginning of year	<u>7,911,572</u>	<u>1,549,916</u>
NET CASH BALANCES AT END OF YEAR	<u><u>11,730,606</u></u>	<u><u>7,911,572</u></u>



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

1. IDENTIFICATION:

The company was incorporated in Jamaica as a company limited by guarantee and not having a share capital. The liability of each member, in the event of a winding up, is limited to \$2.

The principal activity of the company is to promote, propagate and encourage the principles of private enterprise in Jamaica. The principal activity of the subsidiary is the rental of property.

These financial statements are presented in Jamaican dollars.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of consolidation -

The consolidated financial statements include the financial statements of the wholly-owned subsidiary, Private Sector Organisation of Jamaica (Holdings) Limited.

(b) Depreciation -

Fixed assets, except for freehold land on which no depreciation is provided, are depreciated on a straight line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:-

Freehold buildings	2½%
Furniture and fixtures	10%
Motor vehicles	20%

(c) Special projects funds -

Certain designated income is credited directly to Special Projects Funds. Approved projects expenditures are charged against these funds.

(d) Capital donations -

Fixed assets which are donated are valued at cost at the time of supply and credited to capital reserve.



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

2. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

- (e) Foreign currencies -  
Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

3. GROSS OPERATING REVENUE:

This represents income from membership subscriptions, advertising, seminars, luncheons, sale of directories and diaries etc.

4. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS:

This is stated after charging/(crediting):

	<u>1994</u>	<u>1993</u> *
	\$	\$
Depreciation	309,056	247,606
Auditors' remuneration -		
Current year	253,000	180,000
Prior year	-	13,950
Loan interest	-	23,512
Overdraft interest	248,812	76,974
Bad debts	438,307	280,132
Amortisation of discount on issue of debenture (note 8)	7,209	7,209
Amortisation of premium on redemption of debenture (note 9)	9,600	9,600
Interest income	(2,964,418)	( 469,123)
Investment income	( 14,831)	(1,225,445) *

5. TAXATION:

Taxation is based on the group's results for the year adjusted for taxation purposes.

\* Restated for comparative purposes only.



# THE PRIVATE SECTOR ORGANISATION OF JAMAICA

## NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

### 6. EXTRAORDINARY ITEMS:

	1994	1993
	\$	\$
Gain on redemption of debentures	-	619,047
Gain on sale of investments	-	3,471,443
	-	4,090,490

### 7. FIXED ASSETS:

	THE GROUP				
	Freehold land	Freehold Building	Furniture & fixtures	Motor vehicles	Total
	\$	\$	\$	\$	\$
At cost or valuation -					
At 1 August 1993	389,151	2,603,837	1,099,667	468,722	4,561,377
Additions	-	20,125	144,638	1,017,386	1,182,149
At 31 July 1994	389,151	2,623,962	1,244,305	1,486,108	5,743,526
Depreciation -					
At 1 August 1993	-	377,523	515,610	226,339	1,119,472
Charge for year	-	65,599	112,233	131,224	309,056
At 31 July 1994	-	443,122	627,843	357,563	1,428,528
Net book value -					
31 July 1994	389,151	2,180,840	616,412	1,128,545	4,314,998
31 July 1993	389,151	2,226,314	584,057	242,383	3,441,905

	THE COMPANY		
	Furniture & fixtures	Motor vehicles	Total
	\$	\$	\$
At cost or valuation -			
At 1 August 1993	929,228	468,722	1,397,950
Additions	140,387	1,017,386	1,157,773
At 31 July 1994	1,069,615	1,486,108	2,555,723
Depreciation -			
At 1 August 1993	423,769	226,339	650,108
Charge for year	94,764	131,224	225,988
At 31 July 1994	518,533	357,563	876,096
Net book value -			
31 July 1994	551,082	1,128,545	1,679,627
31 July 1993	505,459	242,383	747,842



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

8. DISCOUNT ON ISSUE OF DEBENTURES:

This represents the discount on the issue of the first mortgage debenture stock, being amortised on a straight line basis at 5% per annum. These debentures were issued at \$58.08 for each \$100 face value.

9. PREMIUM ON REDEMPTION OF DEBENTURES:

This represents the premium on redemption of the second mortgage debenture stock, being amortised on a straight line basis at 5% per annum. These debentures are redeemable at a premium of \$48 for each \$100 face value.

10. INVESTMENTS:

	<u>The Group &amp; Company 1994 &amp; 1993 \$</u>
Quoted, at cost	
(market value \$2,834,698	
1993 - \$2,219,258)	<u>1,558,340</u>

11. BANK OVERDRAFT:

This is secured by a charge on the property of the subsidiary and a guarantee of \$1,000,000 by the subsidiary.

12. CAPITAL RESERVES:

	<u>THE GROUP 1994 \$</u>	<u>THE COMPANY 1994 \$</u>
At beginning and end of year	<u>5,085,892</u>	<u>3,702,507</u>
Consisting of -		
Capital grants	1,614,449	231,064
Gain on sale of investment	<u>3,471,443</u>	<u>3,471,443</u>
	<u>5,085,892</u>	<u>3,702,507</u>

Capital grants comprise the value at the time the assets were donated to the group adjusted for loss or gain on disposal.



# THE PRIVATE SECTOR ORGANISATION OF JAMAICA

## NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

### 13. SPECIAL PROJECTS FUNDS:

	The Group & Company	
	1994	1993
	\$	\$
USAID - Health Sector Initiative Project	502,528	23,932
G. Arthur Brown - Scholarship Fund	136,397	125,259
Christmas Eve explosion Fund	1,765	1,765
Peace Fund	170	170
Farm Fund	617	617
Crime Stop/National Security/ National Crime Prevention Fund	3,873,719	1,373,309
Muirton Boy's Home Fund	1,817	1,817
Environment Fund	21,772	270,330
National Action Plan	1,736,844	392,524
Legislative Action Fund	199,664	197,359
	<u>6,475,293</u>	<u>2,387,082</u>

### 14. LONG TERM LIABILITIES:

	The Group
	1994 & 1993
	\$
1% First mortgage debenture stock (1987/2008)	343,960
1% Second mortgage debenture stock (1990/2009)	<u>592,000</u>
	<u>935,960</u>

- (i) The first mortgage debenture stock is secured by a first charge on the freehold property and a floating charge on all other assets and uncalled capital of the subsidiary. The debenture, which is redeemable in 2006 at par, was issued at \$58.08 for each \$100 face value (see note 7).
- (ii) The second mortgage debenture stock is secured in the same manner as described in (i) above. The debenture, which was issued at par, is redeemable in 2009 at a premium of \$48 for each \$100 face value (see note 8).



THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

15. PENSION SCHEME:

The company operates a contributory pension scheme for all employees who have satisfied certain minimum service requirements. The scheme which is a defined contribution plan is administered by a life insurance company.

The contributions of the company and the group for the year amounted to \$39,147 (1993 - \$27,246).

16. CONTINGENT LIABILITY:

The company has guaranteed the interest payments and the redemption of the debenture stocks issued by the subsidiary.

17. LEASE COMMITMENTS:

Commitments under non-cancellable operating leases expiring in 1995 amounted to \$106,227 (1993 - \$212,453) for the company and the group.





14 October 1994

To the Directors  
The Private Sector Organisation of Jamaica  
Kingston

Auditors' Report

The supplementary information set out on page 30 taken from the accounting records of the company, has been subjected to the tests and other auditing procedures applied in our examination of the company's financial statements for the year ended 31 July 1994

In our opinion this information, although not necessary for a fair presentation of the company's state of affairs, results of operations or cash flows is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Rice Waterhouse.*

Chartered Accountants



THE PRIVATE SECTOR ORGANISATION OF JAMAICADETAILED PROFIT AND LOSS ACCOUNTYear ended 31 July 1994

	<u>1994</u> \$	<u>1993</u> \$
<u>INCOME:</u>		
Subscriptions & Contributions	5,042,108	4,346,039
Investment	14,831	1,225,445
Interest	2,964,418	469,123
Other	<u>2,674,625</u>	<u>1,679,921</u>
	10,695,982	7,720,528
<u>EXPENSES</u>		
Staff Costs	4,123,141	2,652,782
Staff welfare	45,763	50,445
Motor vehicle expense	69,280	94,850
Rent	423,000	349,267
Bank Interest	248,812	76,974
Audit Fee	168,000	133,930
Utilities	719,416	505,805
Repairs and maintenance	455,258	286,193
Bad Debts	438,307	280,132
Travelling and entertainment	611,682	335,710
Publications	549,851	422,307
View Point	297,105	189,306
Meetings and luncheon	678,402	402,172
Stationery	269,808	195,024
General expenses	426,025	307,804
Insurance	76,501	64,192
Depreciation	225,988	166,064
Lease Expense	70,817	61,965
Professional services	<u>31,608</u>	<u>79,010</u>
	<u>9,928,764</u>	<u>6,653,932</u>
 PROFIT BEFORE TAXATION	 <u>767,218</u>	 <u>1,066,596</u>

# FINANCE & MEMBERSHIP

**T**

he Organisation ended the Financial Year with an increase of 4.4Mn dollars in its net current assets. The areas contributing to this increase are as follows:

**A. Fixed Assets**

The acquisition of a motor car at a cost of 887K dollars and a partial payment on the purchase of a new computer.

**B. Receivables increased by 837k dollars of which 400k dollars is refundable for GCT.**

**C. An increase in Bank Deposits of 1.142Mn dollars.**

**D. The Cash Balance increased by 1.430Mn dollars as a result of USAID funding for our special projects.**

## Operating Results

At the close of the financial year the Organisation recorded a surplus of 1.2Mn dollars. This is due primarily to the very positive interest rates on our Cash Investments.

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenue	9475	7669	1806
Expense	9434	7663	(1771)
Surplus	41	6	35
Income from other Investments not included in Operating Budget	1183	-	1183
Total Surplus	1224	6	1218

## Membership Growth

	<i>July '94</i>	<i>July '93</i>	<i>Increase</i>
Individual	81	78	3
Companies	257	247	10
Association	27	26	1
Total	365	351	14

The increase of fourteen new members is a net increase as eleven members resigned from the Organisation during the year.

# PSOJ & (HOLDINGS) LTD.

## CONSOLIDATED BALANCE SHEET

1994 - 1995 BUDGET

	\$'000	July 1995
<b>NET ASSETS EMPLOYED</b>		
Fixed Assets		4,671,905
Discount on Issue of Debentures		247,322
Investments		1,558,340
<b>CURRENT ASSETS</b>		
Receivables		378,307
Taxation Recoverable		52,078
Bank Deposits		10,012,000
Cash		1,151,000
		<u>11,593,385</u>
<b>CURRENT LIABILITIES</b>		
Payables and Accruals		450,000
Subscription Received in Advance		2,000,000
Bank Overdraft		0
		<u>2,450,000</u>
<b>NET CURRENT ASSETS</b>		<u>9,143,385</u>
		<u><b>15,620,952</b></u>
<b>FINANCED BY:</b>		
Capital Reserves		5,085,892
Accumulated Surplus		6,599,100
Special Projects Funds		3,000,000
Long Term Liabilities		935,960
		<u><b>15,620,952</b></u>

## PSOJ EXPENSE BUDGET

EXPENSE BUDGET  
1994 - 1995  
(\$'000)

	Total	Aug 94	Sept 94	Oct 94	Nov 94	Dec 94	Jan 95	Feb 95	Mar 95	Apr 95	May 95	June 95	July 95
Staffing	5845	406	408	408	408	784	488	488	491	491	491	491	491
Travelling & Entertainment	504	42	42	42	42	42	42	42	42	42	42	42	42
Stationery	280	23	23	23	23	23	23	23	23	24	24	24	24
Publications	548	20		20		448		20		20			20
Repairs/Maintenance	350	29	29	29	29	29	29	29	29	29	29	30	30
Utilities	840	60	60	60	60	60	60	60	60	60	60	60	60
Audit Fee	187	15	15	15	15	15	15	15	16	16	16	16	16
Insurance	400	33	33	33	33	33	33	33	33	34	34	34	34
Motor Vehicle	47	3	4	4	4	4	4	4	4	4	4	4	4
Legal & Statutory	15								15				
Property Tax	30								30				
Bank Charges	70	5	5	6	6	6	6	6	6	6	6	6	6
Meetings	135	11	11	11	11	11	11	11	11	11	12	12	12
Refurbishing	250				125			125					
Luncheon	532	100			120			140			172		
Training	144	50	50	44									
Viewpoint	378	30	30	30	36		36	36	36	36	36	36	36
Other General	232	18	18	18	18	18	18	20	20	20	20	22	22
Postage	36	3	3	3	3	3	3	3	3	3	3	3	3
Lease Photocopier	120	10	10	10	10	10	10	10	10	10	10	10	10
Depreciation	298	24	24	24	24	25	25	25	25	25	25	25	25
<b>TOTAL</b>	<b>11239</b>	<b>652</b>	<b>785</b>	<b>780</b>	<b>967</b>	<b>1511</b>	<b>803</b>	<b>1110</b>	<b>874</b>	<b>851</b>	<b>1004</b>	<b>835</b>	<b>857</b>
<b>SURPLUS</b>	<b>152</b>	<b>4,155</b>	<b>247</b>	<b>11</b>	<b>(286)</b>	<b>(191)</b>	<b>(569)</b>	<b>(664)</b>	<b>(644)</b>	<b>(646)</b>	<b>(579)</b>	<b>(674)</b>	<b>(5)</b>



# PSOJ REVENUE BUDGET

1994 - 1995  
(\$'000)

	Total	Aug 94	Sept 94	Oct 94	Nov 94	Dec 94	Jan 95	Feb 95	Mar 95	Apr 95	May 95	June 95	July 95
Subscription	6540	4600	625	500	190								625
Publications	1290	25		25		1150		30		30			30
Viewpoint	644	48	60	48	48		56	56	70	56	70	70	62
Luncheon	840	160			210			220			250		
Seminar	160		120		40								
Miscellaneous	120	10	10	10	10	10	10	10	10	10	10	10	10
Dividends	20								20				
Sub-Total	9614	4843	815	583	498	1160	66	316	100	96	330	80	727
Investment Income	1777	194	197	208	183	160	168	130	130	109	95	81	122
<b>TOTAL</b>	<b>11391</b>	<b>5037</b>	<b>1012</b>	<b>791</b>	<b>681</b>	<b>1320</b>	<b>234</b>	<b>446</b>	<b>230</b>	<b>205</b>	<b>425</b>	<b>161</b>	<b>849</b>

# PSOJ CASH FLOW BUDGET

1994 - 1995  
(\$'000)

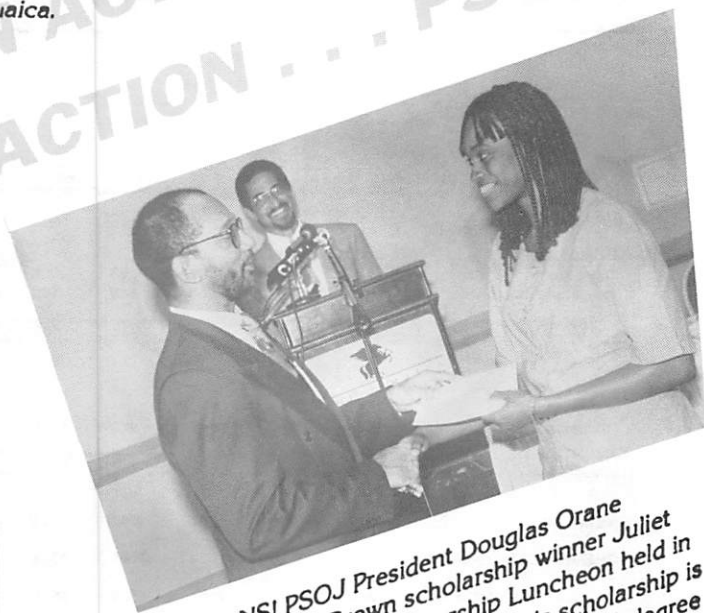
	Aug 94	Sept 94	Oct 94	Nov 94	Dec 94	Jan 95	Feb 95	Mar 95	Apr 95	May 95	June 95	July 95	TOTAL
<b>INFLOW</b>													
Subscription	2600	625	500									2000	6725
Other Income	480	243	190	83	308	957	66	216	100	96	316	60	3135
Investment Income	194	197	208	183	160	168	130	130	109	95	81	122	1777
<b>TOTAL</b>	<b>3274</b>	<b>1065</b>	<b>898</b>	<b>266</b>	<b>468</b>	<b>1125</b>	<b>196</b>	<b>346</b>	<b>209</b>	<b>191</b>	<b>597</b>	<b>2202</b>	<b>10637</b>
<b>OUTFLOW</b>													
Operating Expense	1065	725	741	926	1471	763	1070	635	610	623	794	614	10659
<b>TOTAL</b>	<b>1065</b>	<b>725</b>	<b>741</b>	<b>926</b>	<b>1471</b>	<b>763</b>	<b>1070</b>	<b>635</b>	<b>610</b>	<b>623</b>	<b>794</b>	<b>614</b>	<b>10659</b>
<b>NET FLOW</b>	<b>2169</b>	<b>340</b>	<b>157</b>	<b>(662)</b>	<b>(1,003)</b>	<b>362</b>	<b>(874)</b>	<b>(489)</b>	<b>(601)</b>	<b>(632)</b>	<b>(397)</b>	<b>1,388</b>	<b>(222)</b>
<b>OPENING CASH BALANCE</b>	<b>4500</b>	<b>6689</b>	<b>7029</b>	<b>7186</b>	<b>6524</b>	<b>5521</b>	<b>5683</b>	<b>5009</b>	<b>4520</b>	<b>3919</b>	<b>3287</b>	<b>2690</b>	<b>4500</b>
<b>CLOSING CASH BALANCE</b>	<b>6669</b>	<b>7029</b>	<b>7186</b>	<b>6524</b>	<b>5521</b>	<b>5683</b>	<b>5009</b>	<b>4520</b>	<b>3919</b>	<b>3287</b>	<b>2690</b>	<b>4278</b>	<b>4278</b>

# THE PSOJ IN ACTION

**FOND MEMORIES:** The Honourable Dennis Lalor, Immediate Past President of the PSOJ (left) happily accepted from President Douglas Orane a scrapbook containing newspaper articles on the PSOJ and its activities during his tenure as President. The presentation was made during the Organisation's Membership Luncheon at the Jamaica Pegasus Hotel in November 1993. In the background, showing their satisfaction, are from left: Vice President Delroy Lindsay, former Electoral Advisory Committee Chairman Peter John Thwaites (Guest Speaker at that Luncheon) and Vice President William McConnell (partially hidden)



**CENTRAL JAMAICA:** Albert Francis (left) listened keenly to President Douglas Orane's response to his question during the Membership Luncheon which was held in Central Jamaica in July 1994. The venue was the Astra Country Inn & Restaurant in Mandeville. This function was well attended by a cross-section of private sector members from Central Jamaica.



**CONGRATULATIONS!** PSOJ President Douglas Orane presented 1994 G. Arthur Brown scholarship winner Juliet Landell with her award at the Membership Luncheon held in May 1994 at the Jamaica Pegasus Hotel. This scholarship is offered by the PSOJ to a student pursuing the M.Sc. degree in Accounting at the University of the West Indies. Executive Director Charles Ross is at the podium.



**HALL OF FAME:** PSOJ President Douglas Orane congratulated the Honourable Mayer Matalon, O.J. as he presented him with the citation which signified his official induction into the Private Sector Hall of Fame. Members of the Private Sector saluted Mr. Matalon at a special banquet held at the Jamaica Pegasus Hotel in November 1993.

# COMMUNICATIONS

## Introduction

The objectives of the Communications Division, during the period under review i.e. August 1993 to July 1994, were focussed primarily on

- a) keeping PSOJ members informed on issues affecting the private sector in particular and
- b) sharing with the wider Jamaican society the activities and views of the PSOJ on issues of national importance.

## Activities

### **PSOJ Viewpoint**

A total of 45 programmes were broadcast on RJR between August 1993 and July 1994. Moderators for these discussion programmes were PSOJ's Executive Director Charles Ross (21 programmes), LICA's Executive Director Vivian Rochester (23 programmes) and Colin Henry, a former Executive Director of the PSOJ, who was asked to be the Moderator for one programme when neither Mr. Ross nor Mr. Rochester was available. The majority of the PSOJ Viewpoint programmes focussed on economic issues.

### **Private Sector Focus**

This column, which appears in the Sunday Gleaner, continued to provide an important avenue through which the PSOJ shared its views and relevant information with the wider Jamaican Society. A total of 45 articles were published.

### **Enterprise**

The Organisation's newsletter was expanded to 16 pages (increased from 12 pages) in an effort to provide PSOJ members and other readers of the publication with additional useful information. Four issues were published during the period under review.

## Other Publications

- i) *Annual Report of the Executive Committee 1993*

The 1993 Annual Report of the PSOJ Executive Committee was published and distributed at the Organisation's Annual General Meeting in November 1993. This document was well received and the Division will again be assisting with the production of the 1994 Report which should be ready for distribution in November.

- ii) *1994 PSOJ Diary*

Over 800 copies of the 1994 PSOJ Diary and/or Fillers were sold. Work has already commenced on the 1995 Diary.

- iii) *1993 Annual Report on the Jamaican Economy*

The PSOJ's 1993 Annual Report on the Jamaican Economy was published in May 1994 and presented at the Organisation's Seminar on the Jamaican Economy (May 3, 1994).

## **Speeches, Messages, Statements**

The Communications Division prepared and/or disseminated 16 speeches and messages (as requested from various associations/companies) as well as 9 reports (President's Report to Council and Membership Luncheons).

## **Press/Photo Releases and Press Advisories**

In keeping with the Division's aim to provide additional media coverage of the Organisation's members and activities, 21 press/photo releases and 12 press advisories were disseminated to media houses islandwide.

## **Special Meetings/Events**

The Division played a major role in the organizing of the following PSOJ meetings/events:

- i) Membership Luncheons islandwide;
- ii) Luncheon for News Directors and Senior News Editors from all media houses in Jamaica;
- iii) Membership Get-Together (2);
- iv) Seminar on the Economy;
- v) Joint PSOJ/Beacon Council Working Committee;
- vi) Meeting between private sector representatives and a Colombian expert in the area of solar technology;
- vii) PSOJ/Florida Caribbean Institute Seminar on Export Trends and Opportunities;
- viii) Proposed visit of CEMAI Delegation from Mexico (postponed);
- ix) Private Sector Hall of Fame Dinner;
- x) Visit of President of the Mexican Bank for Foreign Trade.



*It was an informal question and answer time at the PSOJ's Membership Get-together which was held in June 1994 at the Offices of the PSOJ. President Douglas Orane (second right) is seen here discussing an issue with some of the Organisation's members.*

# ECONOMIC RESEARCH AND BUSINESS DEVELOPMENT

## Research Activities

The year under review saw the research department involved in a number of activities. These included research work conducted on the following topics: The Transport Sector Study, The Impact of NAFTA on Trade, The Performance of the Jamaican Economy and an Analysis of the 1994/95 Budget and Estimates of Expenditure.

Along with these, a monthly update of key economic variables, economic briefs, speeches, and position papers on topics like - "A Social Contract", "The Coke Report", and "An Industrial Policy" were also undertaken.

## Economic Research

International Centre for Economic Growth  
(A Proposal for Joint PSOJ-ICEG  
Macroeconomic Research Project)

A proposal for a Joint PSOJ-ICEG macroeconomic research project is being negotiated. The main goals of the project are:

1. to build a macro model that allows to show the link between monetary policy, fiscal policy and real variables;
2. to perform simulations of the effects of monetary and/or fiscal policy.

The PSOJ staff and an in-country consultant will work with a consultant of the ICEG to build a model that consists of a consistent macroeconomic accounting framework and includes independent estimations of four or five behavioural equations like:

- money demand
- private consumption and investment functions
- import demand and/or a tax income function

It is hoped that the incorporation of these estimations in the accounting framework will

allow the calculation of the endogenous output level and the simulation of the effects of changes in monetary and fiscal policy.

The PSOJ is in the process of revising the proposal for final consideration by ICEG.

## Business Development

*1993 PSOJ/USAID Business Behaviour Survey*

The PSOJ/USAID 1993 Business Behaviour Survey was conducted between May and June 1993. A report and discussions on the findings of this survey, took place at a Seminar held in October 1993. The survey unearthed factual information relative to liberalization and its effects on business, investment and exports as well as highlighted problems facing the private sector, and which proved very influential in policy decisions. A 1994 sequel survey is currently being undertaken. In addition to seeking selected up-dated information on businesses in Jamaica, the survey also seeks to get the response of the business community to NAFTA and its perceived effects on their operations as well as on economic activity. A report on the findings of the survey should be made public at a Seminar planned for October 1994.

*The Canadian-Caribbean Business Cooperation Office (CCBCO)*

The Canadian-Caribbean Business Cooperation Office (CCBCO) formed in April 1990, presents Canadian firms with fresh opportunities to do business with the nations of the Caribbean. Managed by the Canadian Exporters' Association, the Office was established by their private sector to promote long-term business linkages throughout the Caribbean for the joint benefit of Canadian and Caribbean interests. The Office works closely with Caribbean network partners including the Private Sector Organisation of Jamaica to promote strategic alliances between Canadian and Jamaican firms.



To this extent, the PSOJ has distributed application forms to all its members informing them of the joint ventures, transfer of technology, investment, franchising, licensing, training, and other forms of business opportunities that are available under the programme. As a result, it was mentioned in the CCBCO (April 1 - June 30, 1994), Quarterly Report that:

*"Proposal activity from Jamaica continues to be strong due to the efforts of the Private Sector Organisation of Jamaica".*

Those who are interested should contact us immediately for an application form.

#### *Beacon Council International Business Business Contact Programme*

The Private Sector Organisation of Jamaica has signed a Cooperative Agreement with the Beacon Council, a major private sector development organisation based in Miami, Florida.

The objective of this agreement is to promote the development of business (trade and investment) between the members of both organisations in Miami and Jamaica.

To date, the PSOJ has submitted seven (7) proposals from companies in manufacturing, tourism, finance/ insurance/real estate, export trading and management consultancy seeking joint venture partners, agents, distributors of their products, as well as seeking sub-contracts and trade opportunities.

## **PSOJ Annual Economic Report 1993**

The annual economic report for 1993, was completed in April 1994, and unveiled at a Seminar held at the Wyndham Kingston Hotel on May 3, 1994. The Seminar was well attended. The 1993 report featured significant differences from those of previous years, viz:

1. its timeliness - being published in May compared with September and October in previous years;

2. the inclusion of forecasts of the economy's performance for 1994;
3. the content and quality of its analysis as well as the inclusion of graphic representations of data enhanced the overall quality of the report;
4. the report was well received and commended;

## **Library**

The staff library of the PSOJ continues to be non-functional. This has significantly affected the ability to access information needed to enhance research and report writing. The public, especially students, who usually use the library have also been inconvenienced. However storage space in the library has been expanded and a librarian is at present collating and storing the publications.

## **Policy Committee**

During the review period, the Economic Division had several Economic Policy Committee Meetings under the Chairmanship of Mr. Delroy Lindsay. Factors affecting the economy were the focus of discussions. Some position papers arising from these discussions included, Understandings/ on a Social Contract, Industrial Policy for Jamaica, and comments on the Coke Report re the Central Bank's Independence. These reports were also used in PSOJ's lobby process as well as in presentations to Government.

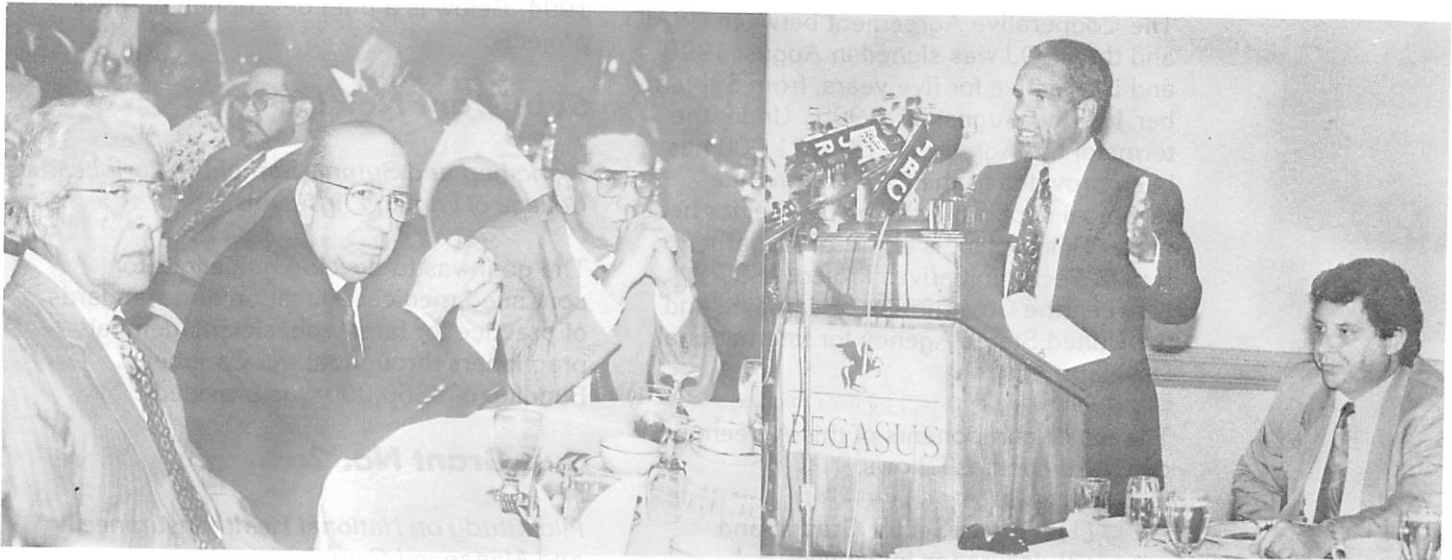
## **Services**

The division supplied the PSOJ membership with technical support including the provision of data, economic summaries, briefs, and advice. Meetings and Seminars were attended as "representatives" of the PSOJ - input and ideas supplied.

## Miscellaneous

Throughout the year, in continuance of disseminating the philosophy of free enterprise to the Jamaican society, selected articles were prepared and published in the Daily and Sunday Gleaner, the Financial Gleaner and PSOJ's Quarterly Enterprise.

Members of the division/Secretariat also participated in selected radio programmes. Numerous interviews were granted to members of the local and international media and trade promotional organisations, bi and multi-lateral institutions as well as researchers and students.



**FINANCIAL MATTERS:** Minister of Finance the Honourable Dr. Omar Davies gesticulates as he makes an important point at the PSOJ's Membership Luncheon at the Jamaica Pegasus Hotel in February 1994. Seated beside Minister Davies is the Organisation's Membership Committee Chairman Anthony Bell.



# HEALTH SECTOR INITIATIVES PROJECT

---

## **Cooperative Agreement between USAID and PSOJ for the Health Sector Initiatives Project (HSIP)**

The Cooperative Agreement between USAID and the PSOJ was signed in August 1990 and is effective for five years, from September 1990 to August 31, 1995. Under the terms of the Agreement US\$821,000 has been provided to the PSOJ to provide technical support to the private sector health care. This project is a part of the larger Health Sector Initiatives Project (HSIP) between the Government of Jamaica and the United States Agency for International Development.

The major components of this Agreement can be divided as follows:

- (1) Private Sector Grants; and
- (2) Insurance Initiatives

### **Private Sector Grants**

Under the terms of the Agreement, US\$550,000 has been allocated to assist private entrepreneurs to create, develop, or to expand a health service. Grants are awarded on a cost-sharing basis, with the proposer being responsible for 25% of the cost either in cash or kind. Individual and corporate entrepreneurs with actionable ideas for operating any health service enterprise are invited to submit their proposals for consideration to the PSOJ/HSIP.

Proposals are awarded grants through a competitive process. The Health Sector Initiatives Project Technical Evaluation Panel which was appointed by the PSOJ (formerly called the Health Committee) reviews and approves applications for grants by rating them on a special set of criteria e.g. managerial, technical, social and financial soundness.

Since the inception of this process, forty three (43) proposals have been reviewed and twelve (12) have been approved for funding. The first four were negotiated in 1993 and eight others were negotiated in 1994. All twelve projects were monitored in 1994. Below is a brief description of these projects:

#### **Sub-Grant No. 1:**

*Workshop and Symposium of the Caribbean College of Family Physicians*

The goal was to develop guidelines for continued medical education and standards of practice for family physicians/general practitioners throughout the Caribbean. Funding of J\$60,000 was provided.

#### **Sub-Grant No. 2:**

*Pilot Study on National Health Insurance and Managed Care*

The Scope of Work and Methodology proposed to look at the rationalisation of government's financing of health care costs St. Ann. This project received J\$761,250.

#### **Sub-Grant No. 3:**

*Lifestyle Awareness Through the Media*

Financial assistance was sought to cover scripting, production and purchase of air-time to transmit 26 radio programmes associated with Diabetes and Hypertension. J\$405,000 was allotted.

#### **Sub-Grant No. 4:**

*Hyacinth Lightbourne Memorial Association (HLMA) Strategic Development Plan*

HLMA, provides professional community nursing care. KPMG Peat Marwick and Partners reviewed these services to satisfy a growing demand. J\$379,506 was disbursed for this project.

### **Sub-Grant No. 5:**

*Feasibility Study on Database Improvement for General Practice and the Development of a Practice Information System (PIS) in the Private Sector*

The aim of this project is to generate and test a framework for organising practice data to enhance the overall efficiency of health care delivery in the private sector. J\$1,261,000.00 has been allocated.

### **Sub-Grant No. 6:**

*Poly Spring Care Family Health Project*

This project is an on-going family health care service, located in Old Harbour. J\$622,205.66 has been granted for further development of the center. The project is one which could be replicated.

### **Sub-Grant No. 7:**

*Nutrition Education Games*

Grant funds totalling J\$11,205.00 has been allocated to Nutrition and Diet Services for the development and distribution of "FOOD BINGO", an education game to be used in schools, health centres and community groups.

### **Sub-Grant No. 8:**

*Development of Training Packages to Enhance Disability Research, Assessment and Intervention*

This is a project by 3D Projects, Ltd., a NGO which specializes in care for the disabled. Funds totalling J\$1,190,600.00 was granted for the production of training packages. Currently PSOJ is awaiting decision from USAID to modify the agreement to purchase services instead of equipment.

### **Sub-Grant No. 9:**

*Provision of Health Care Services for Residents of Cascade, Portland*

Blue Cross commissioned the services of a marketing research firm PSEARCH, to administer a feasibility study on health care in Cascade, Portland. J\$177,615.00 was committed for this activity.

### **Sub-Grant No. 10:**

*A Study of the Potential of Generic Pharmaceuticals to Reduce Health Care Costs in Jamaica*

This Project is a joint effort between Life of Jamaica and Caribbean Applied Technology Centre to look at attitudes of medical practitioners, insurance companies and the public towards generic drugs. J\$697,455 was allotted.

### **Sub-Grant No. 11:**

*Training of Cytotechnologists*

This project is being funded for J\$494,500 to support the Jamaica Cancer Society in its efforts to become more self-sufficient in the processing of slides.

### **Sub-Grant No. 12:**

*Occupational Health Project*

At present there is very little information about health of workers relative to their environment. J\$1,144,330 has been allotted to conduct a survey of occupational health exposure and assessment of the feasibility of occupational health service.

## **Insurance Initiatives**

This segment of the project was designed to undertake a review of the local health insurance industry and recommend measures for its possible expansion. In order to accomplish this, it was determined that it would be appropriate to establish a profile of both the general working population and the insured population. This would help determine if current products could be modified and thereby be marketed to middle and low-income groups; or would it be more appropriate to develop more innovative models to cover this segment of the population.

Findings from a survey carried out in 1993 showed that:

- There is little doubt that a large number of uninsured persons are willing to take out health insurance at an affordable cost.

- Current insurers are willing to pay more for health insurance in order to receive additional or improved benefits.
- There appears to be a significant market for increasing health insurance coverage in Jamaica, with the necessary development of innovative products.

As a result of this survey, the PSOJ is exploring the development of a pre-paid insurance plan. This concept is still in the initial stages and a design is being developed for a hospital-based pre-payment health scheme. At this stage it was decided to pilot this scheme in two rural towns - Mandeville and May Pen. Consultative assistance in the design process is being provided through USAID/Washington.

Over the period under review the Consultant worked with the Project Coordinator of the HSIP in the Ministry of Health, the Project Coordinator in the PSOJ, the Chief Executive Officers in the two hospitals and several officials from the Ministry of Health. He prepared two preliminary reports which were reviewed by the PSOJ Project Technical Evaluation Panel.

In July, the President and Executive Director of the PSOJ, the Chairman of the PSOJ Health Committee and the Project Coordinators met with the Minister of State, the Permanent Secretary and the Chief Medical Advisor in the Ministry of Health for discussion on the pre-payment health scheme. The Minister advised that he had no objections to the concept of the scheme and

requested the PSOJ to submit a proposal for review by the Ministry. The consultant has prepared a proposal which will be submitted and discussed with the Ministry in early September.

## **Public/Private Sector Partnerships**

Another objective outlined under the Agreement is to increase the proportion of health care services delivered and financed by the private sector. In addition, one objective of the Ministry of Health is to "privatize" some of their under-utilized or un-used facilities as a part of the Divestment component of the HSIP.

A team of consultants hired by USAID, conducted a mid-term review of the project in early June and the major issue raised, related to the Ministry of Health's poor efforts under this component.

However, subsequent to the review, the Minister of State in the Ministry of Health explained to the group from the PSOJ which visited him on July 4, that the Ministry would not at any time privatize any health institution totally, only partially, that is, public services will always be made available in these institutions. He also indicated that the Ministry was prepared to look at proposals from private sector individuals/organisations to utilize sections of these institutions.

The PSOJ is working with the Ministry of Health to develop a list of these institutions to be made available to interested parties.



# THE NATIONAL CRIME PREVENTION FUND

## Administration

During the year under review the business of the National Crime Prevention Fund continued to be directed by the Board of Directors under the Chairmanship of Mr. J.A. Lester Spaulding.

Effective from the 1st January, 1994, A.S.P. Ionie Ramsay replaced S.S.P. Neville Wheatle on the Board of Directors as the Jamaica Constabulary Force's representative on the Board.

The Committee currently comprises of the following members:

J.A. Lester Spaulding  
*Chairman*

Michael Hirst  
*Deputy Chairman*

Jennifer Cheeseman  
*Secretary*

Charles Ross  
*Executive Director, PSOJ*

Delroy Lindsay  
*Vice President, PSOJ*

Neville James  
*KLAS*

Earl Patrick  
*Grace Kennedy and Co. Ltd*

Ionie Ramsay  
*Asst. Supt. of Police*

The Co-ordinator answers directly to the Board of Directors and her responsibilities include:

- day to day administration of all the Fund's business.
- research into, writing and production of the monthly Crime of the Month programme and news releases, as well

as production of corporate advertising and public relations;

- preparation and management of the Fund's budget.
- soliciting support at all levels from major media and related bodies, the private sector, the police and the public.

## Funding

All costs to the programme, including administration, advertising and payments for rewards continued to be covered by:-

1. Media and related bodies contributing on an ongoing and regular basis, free time and space, design and production facilities for advertisements, posters, stickers and the like;
2. Interest accruing to the capital fund donated by private sector bodies. This fund presently stands at \$3.447 million;
3. The police, who provide free office space and personnel to man the telephone hotlines;
4. The PSOJ Secretariat, with provision of a recording secretary at the monthly committee meetings and accounting services free of cost.

## Achievements

### Accounts

During the year under review, the National Crime Prevention Fund embarked on a massive fund raising campaign. A total of \$1.02M was raised in 1993 and since the start of 1994 the sum of \$1.403M has been received from members of the PSOJ bringing the total amount raised to \$2.423M.

The balance sheet dated June 30, 1994

showed a net book worth of \$3,377,389.00 and an operating surplus of \$107,299.00.

### **Media Advertisements**

1. Thirty (30) television, radio and newspaper "Crime Stop" Crime-of-the-Month advertisements were produced in the period under review.

During the period under review CVM Television, Power 106 FM Radio, and the Jamaica Observer Ltd. joined JBC Television, JBC Radio 1 and 2, Fame FM and The Supreme Sound of Radio Jamaica Ltd., KLAS FM, Irie FM, the Gleaner Company and the Jamaica Herald in broadcasting/ publishing free of cost all advertisements for the Fund. These placements would have cost the Fund in excess of \$9M if they had to be paid for.

2. In October, 1993, the Fund launched the "REWARD FOR GUNS" Campaign. Rewards were offered for the recovery of any type of illegal firearm with \$5,000 being offered for revolvers and shotguns, \$10,000 for semi automatic revolvers, and \$15,000 for sub-machine guns. The campaign was suspended at the end of June 1994 and during the eight months was aired some forty-eight firearms were recovered and \$270,000 was paid out in rewards.

### **Monthly Reports and Statistics**

Twelve monthly reports with "Crime Stop" statistics were submitted to the Board of Directors for review.

Four quarterly reports were submitted and tabled at the PSOJ Council Meetings.

Every month the head of each Media House is sent a copy of the Monthly Statistics to keep them up to date on the successes of the programme.

### **News Releases**

Ten news releases reporting "Crime Stop" achievements were issued to and carried in all daily news media over the period.

### **Public Response**

Public responses resulted in 1169 calls being received by Crime Stop. This brings the total number of telephone calls made to "Crime Stop" since its inception on September 1989 to 6179. Police investigations into calls during the period under review led to 202 arrests which included 37 for murder.

### **Reward Payout**

The Fund paid out a total of \$450,000.00 in rewards over the period under review. \$270,000 was paid out for illegal firearms and the remaining \$54,500 was paid out for other crimes. This means that the average reward payout was \$270 per arrest made.

### **Operational Constraints**

#### **Crime stop Offices**

In November 1993, "Crime Stop" was informed that the offices would have to be relocated as the police needed the space to put the PIC. A new location was found for Crime Stop in a building that currently houses Files from Personnel. However, to date these, files have not been removed and Crime Stop has been temporarily moved into one small room which is totally unsuitable.

The new offices will need quite a bit of work to be done on them before they can be occupied. Some members of the Hardware Merchants Association have donated materials to assist in the renovation but the Fund will have to spend approximately \$50,000 to purchase hardboard and lumber to erect partitions.

# JAMAICA MEDICAL ASSISTANCE COMMITTEE

**T**he Jamaica Medical Assistance Committee (JaMAC), continues to assist in the upgrading of the island's public health services.

During the year under review, the Committee co-ordinated approximately US\$684,798 worth of donations from the United States for the Ministry of Health.

We pay tribute to our national airline, Air Jamaica, which provided freight free transportation for most of the donations. We are very grateful for their continued support of the Committee's work. The Alcoa Foundation in Pittsburgh, Pennsylvania and the Pan American Health Organisation in Washington D.C., also shared the cost of transporting a shipment of medical supplies, equipment and drugs to the island.

## Dental and Eye Care Programme

In November 1993, the American Flying Dentists made their eleventh visit to Jamaica. The dental team has been conducting clinics in Jamaica since 1983.

During last year's visit, the team of 3 dentists, 1 hygienist and 1 assistant worked at the New Vision Children's Home and the Robins Hall and Craig Head Health Centers in the parish of Manchester. They examined a total of 642 persons and performed 1,276 extractions and 51 fillings.

Accommodation, meals and transportation for the team were provided by the Rotary Club of Christiana.

Eye care specialists continue to share their skills and resources by providing voluntary service in Jamaica. A team of 1 optometrist, 1 optician and 2 assistants from Kaukauna, Wisconsin, conducted a four-day eye glass programme during February 1994.

Eye screening and the distribution of eye

glasses were carried out at the New Vision Children's Home, with assistance from the Rotary Club of Christiana.

A total of 496 persons were examined of which 116 were children. Four hundred and forty three (443) eye glasses were dispensed and 49 persons referred to the Mandeville General Hospital for treatment of eye disorders such as glaucoma, cataract and pterygium.

## Eye Care at the Kingston Public Hospital

As part of its ongoing assistance to the Kingston Public Hospital Eye Clinic, JaMAC purchased 2 ophthalmoscopes with rechargeable batteries and these were donated to the clinic in March 1994. In addition, the Canadian Surgical Eye Expectionics donated 12 disposable cauteries.

The Committee has also undertaken to have 2 of the clinic's sterilizers repaired.

JaMAC is working with the relevant authorities to re-institute the programme of eye surgery carried out by the United States and Canadian based ophthalmologist. Up to the time of its curtailment in 1991 a total of 720 persons had benefited from the services of volunteers under this programme.

## Charitable Status

JaMAC was granted permission by the Minister of Industry, Tourism and Commerce to operate as a limited liability company without the use of the word "Limited" in its name, effective March 1994.

## Award

In June 1994, the Committee received the Communications For Development Award from the public relations firm Communica-



tions Consultants Limited. The award was given to JaMAC, the company's first client, in recognition of the Committee's work in the national interest.

## Local Supporters

The Private Sector Organisation of Jamaica; the Jamaica Chamber of Commerce; our Patron, Mrs. Mitsy Seaga; the Chairman, Mr. Bruce Rickards and the Committee Members continue to support JaMAC's mission of helping to improve the standard of health care in our country. The Co-ordinator thanks them for their commitment to the Committee's efforts these past 13 years.



**DENTISTS AT WORK:** Dr. Jon Kordon (second left), leader of the team of "Flying Dentists" who visited Jamaica in November 1993, is seen here examining Wilbert Denton of Coleyville, Manchester. The seven-member team from Michigan, USA gave its services free of charge and treated over 600 persons at the New Vision Children's Home, the Robins Hall and Craig Head Health Centres. Observing Dr. Kordon are (from left) Charles Benson, Past President of the Rotary Club of Christiana; Val Gordon, Assistant and Paula Baugh, JAMAC Coordinator. The mission was co-ordinated by JAMAC in association with the Ministry of Health and the Rotary Club of Christiana.

# NATIONAL ACTION PLAN

## Introduction

The National Plan (NAP) is a joint initiative between the Jamaican Private Sector, represented by the Private Sector Organisation of Jamaica (PSOJ), and the Government of Jamaica (GOJ) both working in Cooperative Agreement with USAID towards the objective of enhancing the overall climate for domestic and foreign private investment, particularly by identifying and systematically eliminating constraints to such investment.

A paper was prepared by the PSOJ proposing a plan of action aimed at self-sustaining growth for Jamaica and increased employment opportunities. (A copy is attached). The plan dealt with Fiscal Reforms, the Foreign Exchange System, Debt Reduction, a Programme for Private Initiative, Productivity, Human Resource Development, and Marketing the Country.

In order to implement the NAP, the partners agreed to establish a Secretariat, which would report and be accountable to the Steering Committee of the Plan. The Structure of the Steering Committee is as follows:

Minister of Finance (Chairman)  
Minister of Industry, Tourism and Commerce  
Opposition Representative  
President of the PSOJ  
Immediate Past President, PSOJ  
Executive Director, NAP Secretariat

In addition to the Executive Director, the Secretariat's team includes a Sectoral Advisor on Trade & Investment Process, a Consultant Economist and a Secretary.

The Secretariat was established in January 1993 working out of the offices of the PSOJ Secretariat on Hope Road. The Steering Committee, working from a set of Critical Success Factors (CSFs) proposed by the PSOJ, decided on a Task Force approach to address implementation, utilising to this end, a mix of decision makers from the public and private sectors. Four Task Forces were

set up at the end of September 1993 and assigned work areas as follows:

- (1) Tax Administration and Collection
- (2) Upgrading of Registrar General's Department
- (3) Privatisation of Infrastructure
- (4) Private Sector Investment in Free Zones

These work areas were set up with the expectation of concrete results within narrow time horizons, hopefully ninety (90) days. Much has been learnt from this exercise. Not only those tasks which could effectively be handled by the NAP and those which could not, but also the extent to which we were addressing the issues of real importance to the investment climate.

Another learning experience has been the inability to convince the Opposition to take up its seat on the Steering Committee. However, Mr. Bruce Golding of the Opposition has been kept fully abreast of what was happening in NAP: in response, he reiterated very clearly the view that the issues being addressed by the Task Forces, although important, did not touch on those critical areas that the Opposition felt needed more urgent attention. He saw NAP as a forum for discussing policy matters, to develop greater understanding, and to allow a wider partnership in the search for solutions. This is in keeping with the essence of the letter sent by the Honourable Prime Minister to the Leader of the Opposition inviting him to name two representatives to the NAP Steering Committee.

## Action Programme 1994/1995

Out of the above-mentioned experiences an Action Plan for 1994/1995 was put forward and agreed to by the Steering Committee.

The NAP Steering Committee could be a significant vehicle for:

PSOJ ANNUAL REPORT AUGUST 1993 - JUNE 1994

A. Consultation between the Government, the Opposition and the Private Sector Organisation of Jamaica to explore areas of agreement and disagreement on issues of national significance which can be handled initially outside of the focus of the political and media attention. Examples of such issues are:

1. Electoral Advisory Commission
2. Fiscal and Monetary Policy
3. Independence of the Central Bank
4. Industrial Policy
5. Social Contract

B. Consultation and active involvement in the improvement of performance in project implementation. There is a recognised weakness in every area of the country's activities, public and private, construction and non-construction type projects, as it relates to effective project management.

C. Continuation of the Task Forces approach for guiding the implementation of project/work coming out of A & B above, and also other topics defined in the 1991 paper, or proposed to the Steering Committee by members or by the Secretariat.

## **Update of Activities for 1994 (Jan- Jul)**

Work on all Taskforces has continued, but it seems that the concept of the private sector making effective interventions into public sector administration, in a surgical type, strike at inefficiencies or roadblocks, and withdrawing and leaving the same public servant to pick up performance at this new level, may be unrealistic.

The Secretariat is more convinced that the Steering Committee can make a major contribution as a consultative body, and the Task Force teams can be both consultative, as well as providers of special expertise which may be in demand and very scarce.

The fact that a representative from the Opposition Political Party has not, to date, taken a seat on the Steering Committee is something which should be actively addressed equally by both Government and Private Sector.

Aside from the four Task Forces, NAP is also supporting the Peace and Love in Schools initiative, which is a programme for introducing the teaching of conflict resolution techniques at the Primary School level.

NAP will also be working along with the PSOJ in the follow-up of the 1994 PSOJ/USAID Business Behaviour Survey to be carried out this year.

There is also a proposal for an Econometric Research Project for the Monetary Sector. Terms of Reference have been drafted by the PSOJ and are to be discussed with representatives of the Ministry of Finance, Planning Institute of Jamaica (PIOJ) and Bank of Jamaica (BOJ) before finalisation and implementation.

The NAP Secretariat continues to function. At the end of June 1994 the contract with Dr. Robert Chambers was terminated because of a reduced workload. He will now be given contracts as specific needs arise, example the follow-up of the PSOJ/USAID Business Behaviour Survey.