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PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995

PRESIDENT'S MESSAGE

DELROY LINDSAY



Your organisation has completed another successful year as we continue our quest to complete the process of economic reform which will empower the private sector to be the true engine of growth. We have continued to advocate and advance policies which will build on the gains made from liberalisation and privatization which we believe will lead to strong and sustained economic growth. Many of the problems facing the country have their roots in the 20 years of economic decline which the country has experienced. As a nation we are poorer now than we were in 1972 and for us to advance we must set about expanding our economic base, thereby raising our standard of living and providing the resources that are needed to address our pressing social and infrastructural needs.

Crime and the reform of the Police Force continue to be major areas of concern for the organisation and we continue to press for the completion of the reform process within the Jamaica Constabulary Force. Commissioner MacMillan continues to do an excellent job but the problems of the Force, like the economy, are quite deep-rooted and will take some time to be resolved or at least mitigated. The full cooperation and support of the policy-

makers will also be instrumental in the successful achievement of this objective.

Electoral reform continues to be another area of concern and we continue to make constructive input through regular dialogue with the Electoral Advisory Committee and the political parties. At the moment the EAC is focussing its attention on the establishment of an electronic enumeration system, the efficacy of which should be apparent in another six to nine months.

Constitutional Reform is another issue which has come to the fore in recent times and we have established a Committee to look at the issues involved. The committee has been meeting under the chairmanship of Miss Sonia Jones and plans to prepare a paper for the review of the Executive and Council by the end of the year.

In our continuing effort to influence public policy, regular meetings are held with members of both the government and the opposition shadow cabinet. These fora are used to raise issues of economic and social policy which are of concern to our membership and also to get feedback on the politicians' approach to dealing with these issues. With the holding of the recent Tryall Retreat, involving both

government, opposition and private sector participants, the quality of the dialogue on national issues has improved considerably. We are therefore hopeful that a political and social consensus can be forged, around the economic programme which is required to achieve high levels of sustainable economic growth.

This economic programme or country strategy as we call it, would set out the concrete targets in terms of economic growth, per capita income and so on, that we wish to achieve over a 20 to 25 year period. The process would also involve the clear identification of the resources that would be required to fuel this growth and the policies that would be required to facilitate it. The concept is gaining increasing acceptance at the political level and joint work has already begun on some aspects of the country strategy.

As we go to press, the value of the Jamaican dollar is again slipping downwards as a result of the considerable appreciation in the real exchange rate which took place between early 1994 and mid-1995. Although during this period there was little movement in the nominal rate of exchange, high local inflation by comparison with our major trading partners

has increased the real rate of exchange and thereby increased local purchasing power. The lack of increased hard currency earnings to support this increased consumption, has led to the current period of exchange rate adjustment.

Money supply growth continues to be higher than programmed with M2, broad money, increasing at an annual rate of about 30 percent up to June 1995. Point to point inflation had fallen to about 15% in August 1995, but monthly inflation was once again trending upwards. Lending rates remain massively positive and economic output seems to be suffering as a result. All this indicates that although significant advances have been made in the reform of our economy, there are vital issues which still need to be addressed. The reform of our monetary regime is essential if we are to achieve stability and growth and will form a central part of our lobbying over the coming year.

Your organisation continues to be in a healthy financial state, despite the difficult economic times and with your support we will continue to press for an economic climate that will foster growth and prosperity for all our people.

EXECUTIVE COMMITTEE



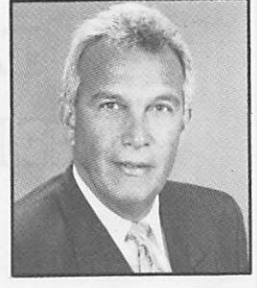
Delroy Lindsay
President



William McConnell
Vice President



Elon Beckford
Vice President



Charles Johnston
Vice President



Betty Ann Jones-Kerr
Hon. Secretary



Clifton Cameron
Hon. Treasurer



Sam Tyson
President, JEF



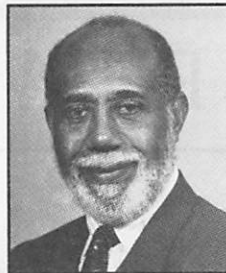
James Moss-Solomon
President, JCC



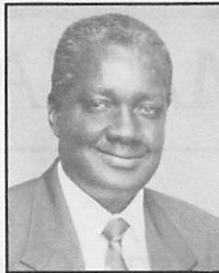
Anthony Hyde
President, JMA



Albert Gray
President, SBAJ



Lionel Reid
President, JHTA



Rex James
President, JBA



Beverley Lopez
President, JEA



Charles Ross
Executive Director

WHEN THE
EXECUTIVE COMMITTEE
MEETING HAS ADJOURNED...

THE VOTE IS UNANIMOUS...

APPLETON
JAMAICA RUM

THE SPIRIT OF JAMAICA

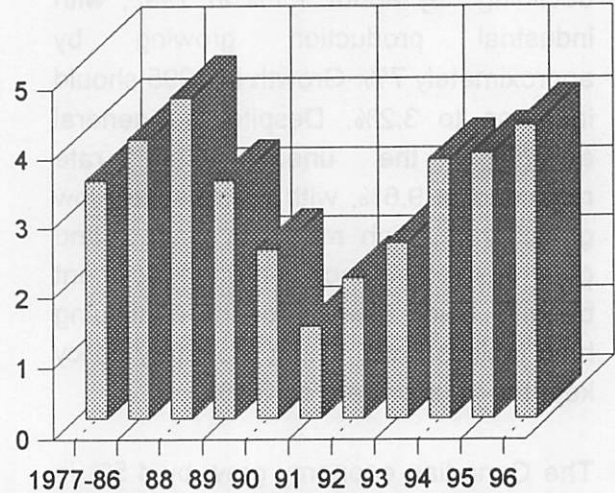
THE WORLD ECONOMIC ENVIRONMENT

International Economic Performance

In 1994, the world economy grew by 3.7 percent with growth in the industrial countries at 3.0 percent. Stronger growth of 6.3 percent was recorded for the developing countries as a whole. In Asia, growth was 8.6%, the Western Hemisphere 4.6% and the Middle East and Europe 0.7%. This performance heightened expectations that the world economy was finally out of recession, notwithstanding the slow pace of recovery in some of the major economies, especially Japan. Growth in Europe, while not generally robust (the UK being the striking exception), clearly began to trend upwards.

Performance in North America, on the other hand, was impressive enough to engender some fear of overheating, and this led to efforts by the Federal Reserve Board to slow the rate of money growth. Performance was good in most of the major Latin American economies for most of the year. However, the Mexican peso crisis at year-end dampened expectations about its sustainability. Although the Russian economy remained in recession, there was for most of the year, growing optimism. The East Asian economies meanwhile continued to demonstrate the

GROWTH OF WORLD REAL GDP
1977-86 AND 1987 - 96



robustness with which they have come to be associated. One feature of the recovery in the advanced economies compared to previous ones is the nature of its impact on the labour market.

Unemployment appears to be declining at a relatively slower rate than in the past and the shares of labour in total output have been reduced.

OECD Countries

With the US economy clearly out of recession and growing strongly, there was some concern early in the year over inflation. Growth in 1 GDP growth for 1994

was 4%, with unemployment at 6.1%. Growth in 1995 is projected to reach 3.2%. Industrial production grew at approximately 7%, fuelled by strong consumer demand. Nonetheless, inflation was contained at about 2.6%.

The German economy grew by 2.9%, after declining by about 1.1% in 1993, with industrial production growing by approximately 7%. Growth in 1995 should increase to 3.2%. Despite the general expansion the unemployment rate remained at 9.6%, with the relatively low growth rate, high minimum wages, and generous redundancy and unemployment benefits being blamed for the continuing high jobless level. Tight monetary policy kept the inflation rate at 3.1%.

The Canadian economy grew by 4.5% in 1994 reflecting strong domestic demand. Growth in 1995 is expected to be 4.3%, marginally below the 1994 level. Unemployment in 1994 was 10.4%, one of the highest rates in the OECD countries. Inflation remained very low at 0.2%.

In the UK, GDP growth was 3.8% compared with 2.2% in 1993. In 1995 GDP growth should be about 3.2%. In 1994, growth was stimulated by a competitive exchange rate, strong export demand, and lower interest rates. Unemployment declined from 10.3% at the end of 1993 to 9.3% in December 1994, and inflation reached a historically low level of 2.4%. In the latter part of the year the authorities raised interest rates to contain growing

inflationary pressures and to maintain a sustainable rate of growth.

The French economy recovered from a contraction of -1.0% in 1993 to a growth rate of 2.5% in 1994, although unemployment remained at 12.6%. Future growth in 1995 is projected at 3.2%. Monetary policy, as in Germany, continued to be focused on the maintenance of monetary stability, and inflation was contained at 1.7%.

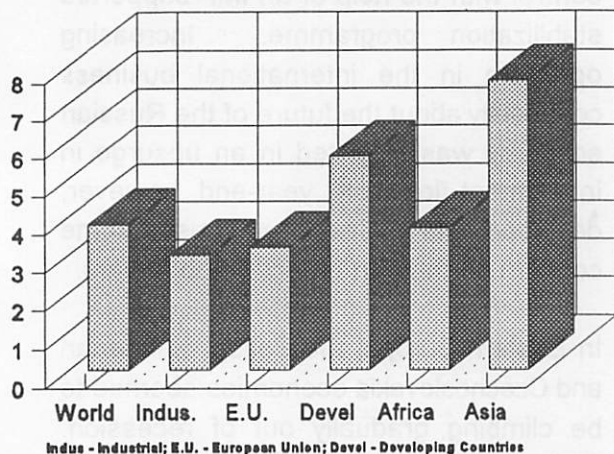
Output growth in Italy reached 2.5% in contrast to the contraction of 0.7% in 1993. Tight monetary policies contributed to high interest rates, although the rate of inflation declined from 4.4% in 1993 to just under 4% in 1994. At year-end, the unemployment rate was slightly higher, at 11.3%, than the 10.2% rate at the end of 1993.

There was significant effort in Japan during the year to pull the economy out of recession. GDP growth was 0.6%, mainly reflecting sluggish consumption and investment demand. Successive attempts at fiscal stimulation during the year failed to increase the rate of growth of output. GDP growth in 1995 is projected at 1.8%. Unemployment and inflation both remained low, 2.9% and 0.7% respectively.

East Asia (excluding Japan)

After growing by nearly 13% in 1993, GDP growth in China was 12.0% in 1994 despite attempts to slow expansion further. The inflation rate was 21.7% and contributed

**OUTPUT OF THE WORLD AND
SELECTED REGIONS IN 1995**



significantly to concerns over sustainability of the growth path. Low agricultural production as a result of rural migration, and high private and public sector consumption and investment, together with significant increases in the money supply, fuelled the rise in prices.

The four East Asian tigers also exhibited strong growth in 1994. GDP in South Korea and Singapore grew by 8.3% and 7.0% respectively, with prices rising by 6.3% and 4% respectively. GDP growth in Hong Kong and Taiwan was 5.7% and 6.2% respectively, with inflation at 8.0% and 4.1% respectively.

Latin America

The economic performance of Latin American was mixed in 1994.

In Colombia, the 5.3% GDP growth rate was supported by construction activity and

government spending, while output expansion in the agricultural sector slowed. Inflation remained at almost the same level of 1993, 22.6% and the exchange rate depreciated by 3.5%. Capital inflows were sufficient to offset a deficit on the current account of the balance of payments, and the country's international reserves rose by about \$133 mn to US\$8 bn, the latter figure representing about nine month's imports.

The Mexican economy grew by 3.5%, notwithstanding political difficulties during the year. Inflation declined over 1993, reaching 7.0%. There was modest depreciation of the peso during the year until December when it was devalued by 14% and subsequently allowed to float. This culminated in a depreciation of approximately 40% at year-end.

It was a difficult year for Venezuela. GDP contracted by 3.3% making it the second consecutive year of negative growth. Inflation recorded 60.8%, and the bolivar depreciated by more than 65%. The authorities are attempting to arrest the economic decline with as little cost to other social objectives as possible.

Among the other major economies of Latin America, output expanded in Brazil by 5.7%, following a reasonably good growth performance in 1993. The introduction of a stabilization package in July led to a sharp reduction in inflation from 50% per month to less than 5% per month. GDP growth in Chile was 4.2% and 7.1% in

Argentina. Unlike the latter country, however, where inflation was kept at 4.1%, the rate of increase in prices in Chile was 11.4%. In both countries the exchange rate and the level of foreign reserves remained stable.

Africa

The South African economy grew by in 1994. Inflation increased to 9.0% and the unemployment rate was significantly higher. It is expected that with the support of foreign direct investment, bilateral aid flows and the implementation of the country's Reconstruction and Development Programme, the economy would show greater progress in 1995. In Nigeria, the severe difficulties of an economy in recession were made worse by political instability which led to a significant decline in oil production. In many other African countries economic growth was severely hampered by civil strife and unfavourable weather conditions. Nonetheless, there remains considerable optimism that if political conflicts can be lessened, both South Africa and Nigeria may act as catalysts for economic liberalization and growth in the whole of Africa.

Commonwealth of Independent States and Eastern Europe

The Russian economy continued its decline in 1994. The decline in GDP was 15.0%. Triple digit inflation (302.0%) compared to 896.0% in 1993, continued to be a problem. There was, however, some

optimism in the latter half of the year that inflation was at last being brought under control with the help of an IMF-supported stabilization programme. Increasing optimism in the international business community about the future of the Russian economy was reflected in an upsurge in investment flows. At year-end, however, developments in Chechnya caused some concern on the part of foreign observers.

In Eastern Europe, the Polish, Hungarian and Czechoslovakia economies seemed to be climbing gradually out of recession. GDP growth was 6.0% in Poland and 2.6% in Hungary and 1.0% in Czechoslovakia in 1994. However, while exchange rates remained comparatively stable in Hungary and in the Czech republic, there was a high depreciation of the Polish currency, reflectively of a very high inflation rate.

International Agreements

The Uruguay Round of the GATT faced a slow process of ratification in 1994. By the end of the third quarter, less than 25% of the signatories had ratified the agreement. The ratification by the US Congress in late 1994, however, suggested that the process could accelerate. The World Trade Organisation, the institute replacing the GATT Secretariat, is expected to commence operations during 1995.

Meanwhile, at year-end it appeared that the number of countries participating in NAFTA would be expanded to include Chile. In related developments, the declaration issued at the conclusion of the conference

of western hemispheric leaders held in Miami in December 1994 referred to general acceptance of the view that the

NAFTA arrangements should cover the entire hemisphere by the year 2005.



World Bank President James Wolfensohn (2nd left) was obviously amused at the comments of Jamaica Producers Group's Dr. Marshall Hall (back to camera). Occasion was a special luncheon meeting between Mr. Wolfensohn and representatives of the private sector which was held at the Wyndham Kingston Hotel in July. Also enjoying the moment were PSOJ's Honorary Treasurer Clifton Cameron (extreme left) and President Delroy Lindsay.

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THE NATION

The Jamaican Economy

Macro-economic policies during 1994 featured a continuation from 1993 of the structural adjustment and stabilization programmes. It focused on inflation control, exchange rate stabilization as well as on public sector and fiscal management. The strategies utilized mainly related to monetary policy and in particular to liquidity control and interest rate movements. Overall the results were mixed and varied with sectors.

The Gross Domestic Product rose by about 1.0% in 1994, and 0.3% in fiscal year 94/95 continuing the slow growth trend of the past four years. Contributing to the slow rate of economic expansion were high rates of inflation and price increases. These fueled further inflationary expectations and contributed to some instability in the industrial relations climate which affected production. The exchange rate stabilized at about J\$33.30 to US\$1 while the build up of Net International Reserves (NIR) was significant reaching US\$398.6M in December 1994.

The high interest rate policy pursued, had contractionary effects on the economy.

1. It served to dampen demand which contributed to the lowering of import levels, a narrowing of the trade gap and an improvement in

the Balance of Payments.

2. Credit became expensive and resulted in declines in investment, production and output.
3. The sterilization effect done through open market operation, both crowded out the private sector's access to credit, and gave the Government access to significant levels of credit which it did not productively utilize, but led to an almost 50% rise in the country's internal debt. To service this debt, there was a significant cut back on Government's expenditure on capital, developmental and social projects.

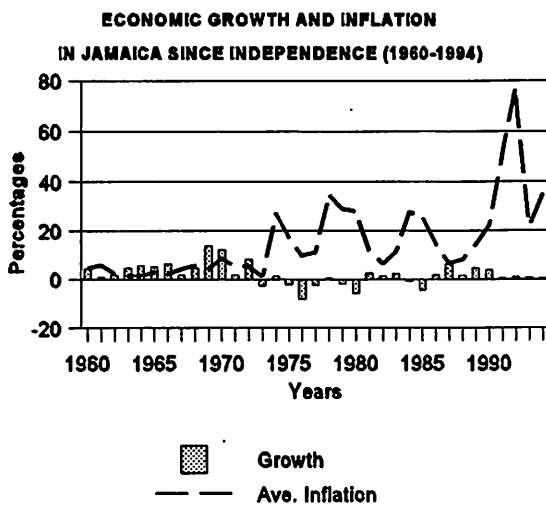
On the other hand, relatively high interest rates served to attract inflows of foreign exchange which contributed to the stabilization of the local currency, increases in the supply of foreign currency and in the level of reserves held at Bank of Jamaica. Despite relative stability in the exchange rate during 1994, domestic price increases exceeded the targeted rate of 1% per month and rose by 26.9% for the year. However, towards the latter quarter of the year the inflation rates were nearer the 1% monthly target. Price increases were largely the result of adjustment policies effected during the year and

included price rises for sugar, utility rates, increased cost for education and health care as well as in wages and salaries. These price increases fueled inflationary expectations and led to demands for higher wages and a number of strikes in the public and private sector.

In terms of sectoral performances - growth appeared buoyant in some areas but weak or negative in others:

Gross Domestic Production (GDP)

For 1994 GDP in constant prices showed a 0.8% rise, moving from J\$17,990.5M to J\$18,128.0M. At current prices GDP in 1994 moved by 33.4% from J\$97,440.8M to J\$129,986M.



Manufacturing and Construction

These sectors are internationally recognised as growth driving sectors in an economy. With respect to Jamaica they have both not been growing for the last few years - and have contributed to the overall low growth experienced in the economy. For 1994, Manufacturing declined by 0.5% and construction by 6.3%. Declines in both sectors were influenced by high domestic interest rates and the substantial rise in work stoppages.

The manufacturing sector was also affected by shortages of raw materials, and competition from imports. More specifically, goods produced for domestic consumption eg. edible oils, soaps and detergents, fertilizers, tyres among others, showed increased production and the apparel sector of non-traditional exports continued to show tremendous growth in earnings.

The rising cost of building materials during 1994 and the associated costs of housing coupled with the overall macro-economic instability made housing acquisition more unachievable and led to a decline in housing starts and general building construction.

Agriculture

Agriculture, while registering positive growth of 7.5% in 1994 slowed, compared with 10.1% growth in 1993. Growth in 1994 was achieved despite the experience

and effects of droughts, diseases and rainstorms. Domestic food crop production rose by about 10% partly in response to attractive domestic food prices.

The value of traditional agri-exports declined as sugar and coffee did not perform well. However, non-traditional agri-exports showed significant increase and this was influenced by increased exports of fruits and vegetables including starches.

Mining Sector

Following stagnating growth of 0.3% in 1993, the sector recovered to register a 6.9% growth in 1994. Bauxite production for 1994 rose by 6.1% over 1993 and exports fell by 7%. Both production and exports of alumina rose in 1994. Gross earnings for bauxite and alumina totaled US\$610.1M for 1994, a 16.4% increase over 1993. This significant increase in earnings for 1994, is due mainly to the increased production and export of alumina as well as to increased prices resulting

from recovery in the world aluminium market during the year.

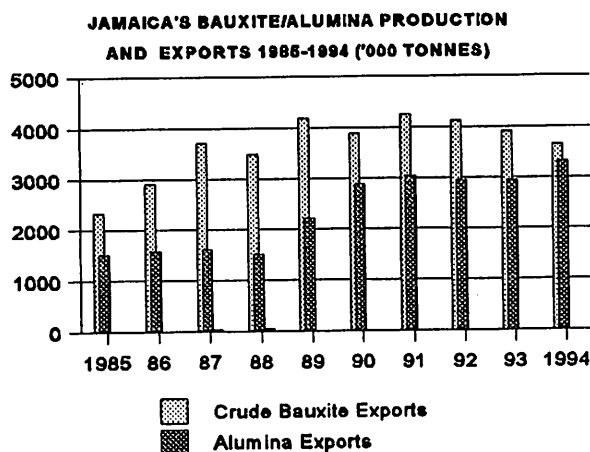
External Trade

During 1994 Merchandise Trade totaled US\$1,219.5M, while imports totaled US\$2,177.2M. The trade gap then was US\$957.7M, an improved position on the US\$1,113.8M accumulated at the end of 1993. For the year, export values rose by 13.4% over 1993 - reflecting more favourable market conditions in level of demand and prices. Export commodities contributing to this out turn included, alumina, apparel and bananas whose earnings rose by 22.2%, 24.3% and 29.5% respectively.

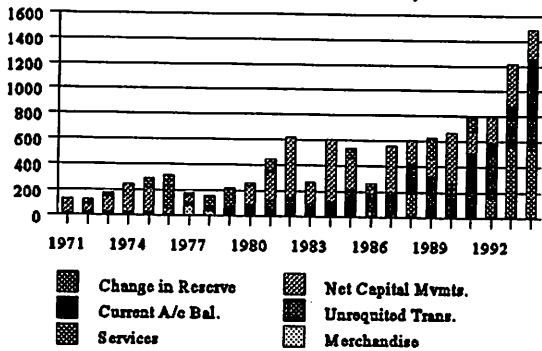
Merchandise imports declined by 0.6% following a 23.3% increase in 1993. Contributing to this were significant declines in motor car imports and to a lesser extent declines in food and consumer goods imports.

Balance of Payments

Jamaicans Net International Reserves improved by US\$337.5M during 1994, bringing the stock of reserves in the economy to US\$398.6M. This positive out turn in the Balance of Payment were fostered by improvements in the merchandise trade balance, increased inflows of private transfers and private capital inflows. These relatively high levels of inflows were influenced to some extent by the high domestic interest rates. Expansion of the remittance services



**BALANCE OF PAYMENTS
1971 - 1994 (J\$MILLION)**



combined with increasing numbers of returning residents also contributed to the positive growth in transfer flows.

Tourism

This key services export sector and major foreign exchange earner for the country, suffered from reports of increasing social tension. As a result, the sector reported declines in visitor arrivals, room occupancy rates and gross earnings. For 1994 earnings fell to US\$915M from US\$950 in 1993 as total arrivals showed a 2.5% fall. Despite that performance, however, there was improvement in product development, which included greater levels of investment in physical facilities, addition of resort rooms (798) and personnel training.

Financial Sector and Monetary and Fiscal Policy

As monetary policy objectives sought to curb inflation, by use of the liquidity reserves requirements - Commercial Banks maintained 50% and over in reserves. Government's use of open market

operations to facilitate this fostered the rise in interest rates to unprecedented levels - Interest rates on Treasury Bills peaked at 51.98% and on CD's at 52.12%. Average lending rates of Commercial Banks followed a similar pattern and peaked at 65% in July. The high interest rate while contracting growth in domestic credit contributed to an expansion in net foreign assets of the banking sector but fueled a 35.2% rise in money supply. It also led to a stagnation in investment and decline in overall importation levels.

The Central Government ran a fiscal deficit in 1994/95, although they maintained that they achieved an overall surplus in the public sector. This was achieved through a real contraction in the growth of Government's expenditure and a simultaneous increase in revenue and loans. (Expenditure having increased due to the servicing of internal debt acquired in part as a result of the Bank of Jamaica's aggressive open market operations).

Total revenue collected during fiscal year 1994/95 amounted to J\$43,635.7M. This was a 27% rise on previous fiscal year. Total external debt at the end of 1994 was US\$3.6B. However, its internal debt for fiscal year 1994/95 moved from J\$24.5B in March 1994 to J\$41.2B in December 1994 and to J\$50.1B in June 1995. The cost of servicing the internal debt during fiscal year 1995/96 is estimated to be J\$19.0 billion.

PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995

Update for the First Half of 1995

As 1995 progressed, the economic scenario began to expose the inherent weaknesses in the present policy framework. The decline in interest rates which began in the latter half of 1994 continued into 1995, and the real exchange rate continued to appreciate as a result of our fairly high rate of inflation. Uncertainty began to develop in the foreign exchange market and private capital inflows began to dry up in the second quarter of 1995. With demand now outstripping supply, the exchange rate began to adjust downwards. Between January and July 1995 the Jamaican dollar depreciated by 5.1%, falling from 33.30 to US\$1 in January to 35.00 to US\$1 in July.

However, inflation for the period remained controlled at average of 1% per month, with a January to July rate of 8.6%. At this rate an annual rate of 18-22% looks likely, since the movement in the exchange rate will influence price increases in the latter half of the year.

Interest rates which appeared to have been trending downwards at the beginning of the year, will most likely trend upwards not to

the level of last year, but to the high 20's low 30's in an attempt to establish some stability in the exchange rate.

Although the figures are slow in being published, it does appear that the arrivals and earnings from the tourism sector will be better than 1994, and about equal to 1993 returns.

The January to April figures showed the value of exports both traditional and non-traditional increasing. However, imports continue to increase at a faster rate resulting in a widening of the trade gap. The rise in imports is being fostered to some extent by increases in motor car imports. For the first quarter of 1995 exports of bauxite and alumina - a major foreign exchange earner, - declined due to industrial action and has contributed to a worsening position in the export sector.

Overall, 1995 appears to be another year of no growth or contraction for the Jamaican economy. Macro-economic policies seem still to be focussed on achieving stability by treating the symptoms of instability rather than the causes.

THE ORGANISATION

Overview

International trade agreements continued to hold the attention of businesses in many sectors of the local economy as the effects of the new agreements start to become apparent. Mexico completed its first full year as a member of NAFTA and the NAFTA-Parity Bill which would have given Jamaica and some other CBI countries similar access to the United States Market did not make it through the U.S. Congress. The Parity Bill was originally appended to the legislation ratifying the Uruguay Round of the GATT, but the Clinton Administration withdrew it after it appeared that support for the GATT/WTO Bill was waning.

The Administration undertook to re-submit the Parity Bill to Congress early in the current legislative year. This has in fact been done and the bill which has been introduced was sponsored by two Republican Congressmen earlier this year. The new bill is somewhat broader and more liberal than last year's version. There is a longer phase-in period, and a wider range of products will be given preferential treatment. The Bill also envisages full accession to NAFTA at the end of the phase-in period, with all that entails.

Of course, even with bi-partisan support between the Administration and the Republican sponsors in Congress, there is no guarantee that the Bill will be passed.

There is much debating to be done and questions have already been asked about how the income lost from duties removed from Caribbean exports, will be replaced. This is of course a vexed issue in American politics, when both tax cuts and budget deficit reduction are supposed to be the aim of both of the major political parties.

The new Parity legislation also has implications for Jamaica, as a decision to seek the benefit of the Parity Bill will imply a commitment to accession to NAFTA with all the implications which such a move would imply, with respect to reciprocity and lost revenue due to the lifting of duties on products originating in NAFTA countries.

Jamaica's participation in NAFTA will carry severe implications for both the public and private sectors. Businesses will have to assess accurately and early, their ability to compete with North American producers in their existing lines of business. Those that cannot compete will have to diversify or specialize into niche markets where they can be competitive or face the closure of their businesses.

This will entail having an in-depth knowledge of one's business and also of the performance capabilities of their competitors. Information will be the key to survival

During the detailed accession negotiations, the public and private sectors in Jamaica will have to exhibit a level of genuine consultation and co-operation which has not been evident to date. Without this, the country will not get the maximum benefit from joining NAFTA and could well end up worse off as a result of doing so, at least in the short run.

Furthermore, given the fact that over 50% of our imports are from North America, the removal of duties would have a significant impact on the customs duties collected. This would in turn have an impact on the financing of government expenditure.

LOME/EU

The European Union continues to expand with three (3) new members joining in January of this year. The accession of Sweden, Austria and Finland has brought total membership up to 15 countries, speaking 11 different languages. Total population is now about 370 million people with a gross domestic product of US\$7.8 trillion, greater than that of the United States.

The mid-term review of the LOME Convention is well underway, but there are substantial differences between the ACP and the EU concerning the matters under discussion. The resolution of the financial protocol, which will determine the quantity and allocation of the donor funds which will be made available over the second half of the present LOME agreement, is proving to be a thorny issue. There is also

considerable ACP resistance to the "Use it or lose it" policy which the EU wishes to adopt towards aid allocations.

In the past, many countries (Jamaica included) have sat on aid allocations, which usually came in the form of grants, not loans, without drawing them down and using the money for intended purpose. The Negril and Ocho Rios sewage treatment plants are a typical case in point! The intention in the future is that these funds will not remain committed to a particular country indefinitely, but will be re-allocated to other countries if they are not utilized within a given time period.

The mid-term review is also very important because it is being used by the EU to prepare the ACP countries for the sort of development co-operation agreement which will take the place of LOME IV when it expires in the year 2000. Already there are hints that the preferences enjoyed by the ACP countries will be substantially diluted when the EU takes a much broader approach to its relationship with developing countries.

In the post-LOME Regime, the historical ties which existed between the former European colonial powers, will no longer provide the ACP with a preferential position viz-a-viz other developing countries. Instead the EU will base its relationships and agreements on a regional geographical basis and will focus much of its attention on those regions which offer attractive opportunities with regard to trade and

investment. For the countries of the English-speaking Caribbean, the danger of marginalisation is therefore quite acute.

In this regard, the future of the rum, banana, and sugar protocols must be a cause for some concern. With regard to rum, although the existing protocol calls for the removal of all quotas in 1996, the EU have been baulking at doing this with regard to all types of rum. They have agreed to lift the restrictions on light rum but have, at French insistence, proposed to retain quotas on the heavier "rum traditional" such as is produced in Jamaica and the French West Indies. The CARICOM rum producers are fighting this proposal but it is proving to be very difficult to overcome the French resistance. Breaking news has it that a quota of 65,000 hl per annum will be offered to the producers of rum traditional up to the end of LOME IV.

The new Banana Protocol seems to be working quite well but is coming under increasing attack by the United States government. Chiquita, a large US owned producer of bananas in Latin America has persuaded the U.S. Trade Representative to use a clause 301 of their trade laws to threaten trade sanctions against the EU if the banana regime is not dismantled forthwith. The Latin producers have a strong European ally in Germany which is a large consumer of Latin produce and is also strongly opposed to the preferential treatment given to ACP produce. For the time being, officials of the EC remain

committed to the banana protocol, but one cannot be sure how long that commitment will remain in the face of the persistent opposition to this protocol. One is even less confident in the protocol remaining in force after the expiry of the existing LOME Convention.

The Sugar Protocol, while not subject to the same opposition from other countries and interests, will face its fair share of pressure as agricultural subsidies are reduced in Europe, in accordance with the Uruguay Round of the GATT. The WTO, the successor agreement to the GATT, envisages major reductions in agricultural and other subsidies over the next 10 years or so. The price which ACP producers receive for their sugar will depend on the price which is paid to beet sugar producers in Europe. As the subsidies fall, so too will the price which our producers receive, forcing them to be more efficient and competitive if they are to remain profitable and continue in business.

CARICOM

There has been much talk in CARICOM recently of financial integration and perhaps the first concrete move in this direction was the agreement to make some of region's currencies convertible and acceptable in the other CARICOM countries. Hence for example, the Jamaican dollar should be accepted by the financial system in Trinidad or the Eastern Caribbean countries and vice versa. There may even be some distant objective for a common currency for the region.

Deliberations are also taking place to harmonize the legislation governing trade and investment throughout the region and to free up the movement of capital among the member countries. Of course, CARICOM is not known for its speedy implementation of new rules and regulations and the member countries do not have a particularly strong history when it comes to complying with them either. However, the discussions are focussing on issues which need to be addressed if regional growing is to develop further, so this is indeed a positive development.

Mexico and Argentina

The financial crisis in Mexico at the end of 1994 sent shockwaves throughout the entire Latin America region and set off a huge flight of portfolio capital from the region. Although the situation in Mexico appears to have stabilized by now, Argentina is still undergoing a very difficult adjustment. With its fixed exchange rate, the outflow of capital has reduced the money supply and put the economy into a deflationary cycle. However, the government has said that they are standing by their monetary authority (on quasi-currency board) and are prepared to make some adjustments on the real side of the economy. It will be interesting to see how the electorate responds as this is an election year.

The interesting thing about the recent experiences of Mexico and Argentina is that they illustrate quite clearly the different responses of pegged and fixed exchange

rate system to external stocks.

In Argentina's case, with a fixed rate, currency board type of system, when large amounts of foreign currency rush in, money supply grows, an economic boom occurs and prices for land and fixed assets rise. When foreign currency rushes out, it leads to a shrinking money supply, recession and deflation. In other words, adjustments take place in the real economy and wages and prices come under severe downward pressure.

Mexico on the other hand illustrates what happens when similar events occur in a regime with a pegged exchange rate. A massive devaluation occurs followed by high inflation and a fall in real domestic wages and prices.

Crime and Violence

Despite the increased mobility of the Police and despite a higher rate of cleared up cases, crime and violence continued to be a problem during the past year. There were flare-ups of violence in the inner city areas of Kingston and there were a number of incidents of serious crimes against tourists. Crime and violence certainly had a negative impact on tourism and must have contributed to the fall off in visitor arrivals.

The foreign media, particularly that in the U.K., seem to be quite taken by inner city life in Kingston and regularly give prominence to the violence taking place there, by way of television documentaries

aired in those countries. This of course, does not portray the country in a very positive light and does not encourage visitors to come to the island.

The PSOJ

At the Council Meeting in December 1994, the President Mr. Douglas Orane declined to seek re-election to office and instead nominated Mr. Delroy Lindsay for the position of President. Mr. Lindsay was unanimously elected President of the Organisation. Mr. Aulous Madden stepped down as Vice-President and Mr. Charles Johnston was elected to replace him. Mr. Elon Beckford was elected Vice-President to fill the vacancy left by Mr. Lindsay's elevation to the Presidency and Mr. Clifton Cameron was elected to the position of Honorary Treasurer. Mr. William McConnell and Mrs. Betty-Ann Jones-Kerr were re-elected to their former positions of Vice-President and Honorary Secretary respectively.

The Associations' membership on the Executive Committee remained the same as the previous year:

Dr. George Phillip	- President, JEF
Mr. Philmore Ogle	- President, JCC
Mr. Anthony Hyde	- President, JMA
Mr. Albert Gray	- President, SBAJ
Mr. Lionel Reid	- President, JHTA
Mr. Rex James	- President, JBA
Mrs. Beverley Lopez	- President, JEA

During the year, the Presidents of two associations changed as follows:

Mr. Sam Tyson replaced Dr. George Phillip and Mr. James Moss-Solomon replaced Mr. Philmore Ogle.

The President paid tribute to Mr. Aulous Madden for the many years of service which he had given to the Organisation, having served as an Officer for many years. A dinner was hosted by the President to pay tribute to Mr. Madden and his sterling service to the Organisation. It was a most pleasant evening.

The members of the Executive Committee continue to attend NPC meetings and also continue to meet with members of the Opposition's shadow cabinet. Our organisation continues to contribute to a wide range of consultative committees, many of which involve government ministries and agencies. We continue to monitor developments with regard to the reform of the Police Force and the electoral system and do whatever we can to keep these processes moving.

Finally, the National Action Plan has come to an end without yielding the results that were anticipated. However it was a useful exercise in some respects and did yield some very useful research projects.

THE SECRETARIAT



FRONT ROW: (From left) AnnMarie Hendriks (Accountant), Claudette Morrison (Senior Secretary), Donna Palmer (Office Attendant) and Winsome Virgo (Secretary).

SECOND ROW: (From left) Marcia Ormsby (Communications Officer), Noveletta Samuels (Receptionist), Margaret Nash (Communications Assistant), Charles Ross (Executive Director) and Evett Evans-Coombs (Executive Assistant).

THIRD ROW: (From left) Devon Nicholson (Messenger), Cynthia Hutchinson (Senior Research Economist), Hugh Perrin (Director, Finance & Membership), Audrey Tomlin (Coordinator, Health Sector Initiatives Projects), Kirk Chang (Accounting Clerk) and Johnetta Johnson (Senior Secretary, Health Sector Initiatives Projects).

MISSING FROM PHOTO: Dianna Housen (Computer Operator), Glenford Millin (Research Economist), Paula Baugh (JaMAC Co-ordinator), Lester Facey (Messenger), Cecil Lindo (Caretaker).

ADMINISTRATION

Staffing

The period under review brought with it a few staff changes.

Dawn Fisher, Executive Secretary in the Executive Director's office resigned in March 1995; Alford Groucher, one of the two messengers, resigned in July, and Keith Thompson who was employed to the Organisation as Economist in the Economic Research Department also resigned in July to further his studies overseas.

The position of Executive Secretary in the Executive Director's office has been filled by Claudette Morrison, the Messenger position by Devon Nicholson, but the Economist position remains vacant.

An addition of two or possibly three persons would assist greatly in reducing the level of stress now experienced by some members of staff, and contribute greatly to the efficient running of the organisation.

Internal Human Resource Development

While staff training has been restricted somewhat to computer literacy, there still is a need for further computer training in order that staff may be fully functional in all programs.

The plan for this training has started and the aim is for all members of staff to be computer literate in Lotus 123 and Wordperfect programs by the end of the financial year. The two existing fax programs (WINFAX and BITFAX) are now fully functional.

There is a plan to include inhouse desktop publishing in the near future with all members of staff trained to operate this system. Our Computer Specialist is currently receiving training.

The organisation also has a program where persons are encouraged to get training which will enhance promotion and upgrade performance. This is done to the extent of the organisation's resources to assist. Two members of staff are currently taking advantage of this benefit.

The introduction of a study leave and bonding programme for members of staff wishing to upgrade their skills at the expense of the organisation is still to be finalised. Work needs to be concentrated on completing this arrangement.

Staff Benefits

The benefits as provided by Life of Jamaica through Health and Pension Plans have been revised and upgraded in keeping with increased inflation. Members of staff plan to explore consideration of other benefits such as casual leave.

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The Building Environment

There still remain a number of areas to be refurbished - desks and chairs to be repaired, boardroom chairs and tables to be repaired and repolished, parquet tiles to be replaced as necessary, partitioning in the Economic Research Department to be erected, leaking roof, worn alarm system and outside doors to be replaced. The outside room needs to be refurbished to provide much needed storage space and a major pest and termite control programme needs to be put in place. Funding remains a major deterrent.

Approximately \$650,000 is needed to complete the refurbishing needs of the Secretariat and the President has offered to use his good office to assist in achieving this goal.

The airconditioning system, though still not adequate for the requirements of the building, has been providing improved performance with less frequent breakdown. During the summer months, however, there was the usual problem of inadequate cooling. Getting the glass areas of the building tinted would ease the load on the system considerably, but at this time funds do not allow for this nor for the upgrading of the existing units.

The entire building (inside and outside) has been refurbished in terms of lighting, and the exterior is being painted. This, when completed, will give the building a welcomed lift. However, the outside areas (fences and lawn) need some attention. A

JPS pole needs to be planted to accept the JPS wiring from the street and this remains to be done. The worn carpets in the offices need to be replaced while the Communications Department needs to be carpeted.

The lettering on the front of the building is receiving attention - replacing the letters that have fallen off and cleaning and polishing the entire set. The alternative was to have the entire sign redone but the cost to do that was prohibitive.

Major refurbishing of the kitchen has been done. A new refrigerator has been purchased and new cupboards installed.

The walls, frames of tables and chairs although very worn, have been painted.

Landscaping of the grounds is being maintained as well as the supply of plants to the offices. Terracing of some areas of the grounds, pruning of the trees, and reviving the shrubbery remains outstanding due to lack of funds to carry out the necessary work.

The absence of a restroom in the building continues to be a sore point with members of staff.

The existing copier and gestetner machine continue to work but not as satisfactorily as desired as the level of photocopying of papers that currently exists would suggest that an upgrade in the copier be effected very soon.

The water tank continues to function in times of need.

RJR Shareholding

Mr. Aulous Madden continues to be PSOJ's representative on the RJR Board of Directors and attends the Annual General Meetings on behalf of the PSOJ. The PSOJ still holds a total of 431,490 shares at a purchase price of 17 cents per share. The current value of these shares now stands at \$1.8Million.

Meetings and Seminars

Coordination of meetings of Council, Executive, Chairman's Club, Officers, Presidents' Council, Annual General Meeting, Retreat, Standing Committee on National Security, Membership, Economic Policy, Environment, and others, continue to be carried by the Secretariat, with the majority of the coordination being done by the Executive Office.

The Chairman's Club continues to meet as necessary, and all other committees meet on scheduled dates, mostly on a monthly basis.

Environment Committee

Chairman - Hon. Gloria Knight

Documentaries

The Organisation's first Documentary on the Environment was completed and officially launched in September at the Jamaica Pegasus Hotel. Entitled "SOURCE OF LIFE", this 27 1/2 minute documentary focussed on water - its

importance, uses, problems and solutions. Both JBC and CVM TV have aired the documentary.

The Committee has written to all private sector companies involved in the Adopt-A-School Programme inviting them to purchase copies for the schools with which they are associated. Similar letters were sent to Environmental Non-governmental Organisations (ENGOS) islandwide. To date, approximately 50 copies of the documentary have been sold.

The sub-committee appointed to work on the second documentary (which will focus on re-forestation) has commenced its work.

Energy Farm

The Environment Foundation of Jamaica (EFJ) has approved funding for the Energy Farm Project. A Sub-Committee has been established to monitor the progress of the project.

The Energy Farm will be sited in the Schwallenburgh area of St. Ann (land made available by Alcan) and will provide charcoal burners in the area with the necessary firewood.

Environmental Impact

Assessment/Audit Project

The Committee continues to hold discussions with international lending agencies re the possibility of sourcing funds for this project. However, indications from the discussions so far have been that

the PSOJ would need to have some funds specifically earmarked for this project before getting assistance from the agencies.

Round Table/Think Tank

The Committee is organizing an environmental Think Tank on Solid Waste Management. An internationally renowned environmentalist from the International Institute for Sustainable Development has already been confirmed as the principal speaker for this event which is scheduled for October 31, 1995.

Miscellaneous

- a) The Committee's application for membership in the Environmental Foundation of Jamaica has been approved.
- b) The Committee continues to share, with the nation, information on environmental issues by submitting articles for publication in the "ENTERPRISE" (PSOJ Newsletter), in "Private Sector Focus" (weekly column in the Sunday Gleaner), as well as by participating in "PSOJ Viewpoint".
- c) The Committee had, on two occasions, addressed the PSOJ Council on environmental issues, with particular focus on the private sector's responsibility to the environment.

Computers

The computers acquired are still not able to satisfy the requirements of the Secretariat but efforts are being made to secure additional units. Currently, the transfer of databases as well as the upgrade of

programs and memory capacity are on the agenda. The PICK system donated by USAID has been taken out of use, with the exception of the main unit which should be taken out of service within the next few months.

Recreation

Members of Staff at the Secretariat were treated to another nature trip in September 1994 to Sunrise Beach Resort in St. Mary, and in July 1995 to a picnic at Frenchman's Cove in Portland. These were greatly appreciated by Staff. It is the intention to have one such trip each year, during the summer months.

The Secretariat is still trying to keep a Staff Welfare Committee together and trying to organise games evenings at least once per month, with the aim of encouraging informal interaction. It is hoped to have indoor as well as outdoor games facilities in place during the new year.

Telephone

The existing telephone facility, with additional direct lines installed, is now coping with the volume of the Secretariat's communication requirements. The Telephone Company has supplied quotations for the replacement of the existing switchboard and this is being reviewed. The Company has been carrying out major maintenance work which has assisted in reducing the downtime normally experienced.

G. Arthur Brown Scholarship

The committee has not met since Retreat 1994. However, the fund now has a balance of J\$145K as at 26/9/95.

Canada/Jamaica Training Project

Three meetings were held during the year. A total of US\$4.4Million was spent on short

and long term courses, with a total of one hundred and thirty-two persons receiving benefits from long term awards under the project. Forty-six (46) students enrolled in Universities and Colleges.

Despite the successful accomplishment of the project, the awarding of benefit under this programme will come to an end in March 1996.



In July 1995 the Environmental Foundation of Jamaica (EFJ) agreed to provide funding for the PSOJ's Energy Farm Project. Signing the Agreement in July at the offices of the EFJ were (from left) PSOJ's Executive Director Charles Ross, EFJ's Director of Projects A. Patrick Daley and the PSOJ's Director of Finance and Membership Hugh Perrin.

FINANCIAL STATEMENTS

THE PRIVATE SECTOR ORGANISATION OF JAMAICA

FINANCIAL STATEMENTS

31 July 1995

FINANCIAL STATEMENTS

THE PRIVATE SECTOR ORGANIZATION OF JAMAICA

FINANCIAL STATEMENTS

31 JULY 1995

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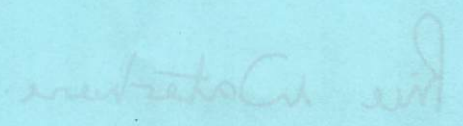
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 Chartered Accountants

Price Waterhouse



9 October 1995

To the members of
The Private Sector Organisation
of Jamaica
Kingston

Auditors' Report

We have examined the financial statements set out on pages 1 to 10 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 1995 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 1995

	<u>Note</u>	<u>1995</u> \$	<u>1994</u> \$
GROSS OPERATING REVENUE	3	<u>12,407,928</u>	<u>10,695,982</u>
(LOSS)/PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	4	(846,236)	787,414
Taxation	5	<u>79,416</u>	<u>122,401</u>
(LOSS)/PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY ITEMS		(925,652)	665,013
Extraordinary items	6	<u>1,255,831</u>	<u>-</u>
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		330,179	665,013
Dealt with in the financial statements of:			
The company		234,880	663,399
The subsidiary		95,299	1,614
Retained earnings at beginning of year		<u>3,637,113</u>	<u>2,972,100</u>
RETAINED EARNINGS		<u>3,967,292</u>	<u>3,637,113</u>
Reflected in the financial statements of:			
The company		3,212,069	2,977,189
The subsidiary		755,223	659,924

ON BEHALF OF THE COUNCIL

PRESIDENT
DEREK LINDAY

HON. TREASURER
CLIFFORD CAMERON

THE PRIVATE SECTOR ORGANISATION OF JAMAICA

GROUP BALANCE SHEET

31 July 1995

	Note	1995 \$	1994 \$
NET ASSETS EMPLOYED			
FIXED ASSETS	7	4,638,441	4,314,998
DISCOUNT ON ISSUE OF DEBENTURES	8	77,862	86,513
PREMIUM ON REDEMPTION OF DEBENTURES	9	98,560	144,000
INVESTMENTS	10	1,558,340	1,558,340
CURRENT ASSETS:			
Receivables		2,358,090	1,953,339
Bank deposits	11	10,766,812	11,809,319
Cash		148,438	7,080
		13,273,340	13,769,738
CURRENT LIABILITIES:			
Payables and accruals		907,298	1,449,702
Subscriptions received in advance		3,016,175	2,183,440
Bank overdraft		-	85,793
Taxation payable		47,831	20,396
		3,971,304	3,739,331
NET CURRENT ASSETS		<u>9,302,036</u>	<u>10,030,407</u>
		15,675,239	16,134,258
FINANCED BY			
CAPITAL RESERVES	12	5,085,892	5,085,892
RETAINED EARNINGS		3,967,292	3,637,113
		9,053,184	8,723,005
SPECIAL PROJECT FUNDS	11	5,834,095	6,475,293
LONG TERM LIABILITIES	13	787,960	935,960
		15,675,239	16,134,258

ON BEHALF OF THE COUNCIL

.....) President
 DELROY LINDSAY)

.....) Hon. Treasurer
 CLIFTON CAMERON)

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THE PRIVATE SECTOR ORGANISATION OF JAMAICA

STATEMENT OF GROUP CASH FLOWS

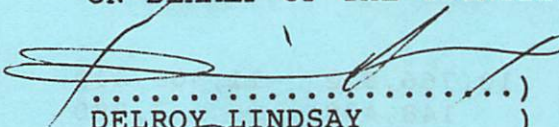
Year ended 31 July 1995

	<u>1995</u>	<u>1994</u>
	\$	\$
CASH RESOURCES WERE PROVIDED BY/ (USED IN):		
OPERATIONS -		
Net profit	330,179	665,013
Items not affecting cash -		
Depreciation	564,221	309,056
Amortisation of discount on issue of debentures	8,651	7,209
Amortisation of premium on redemption of debentures	7,040	9,600
Gain on redemption of debenture	(109,600)	-
	<u>800,491</u>	<u>990,878</u>
Changes in non-cash working capital components -		
Accounts receivable	(404,751)	(771,276)
Taxation	27,435	112,474
Accounts payable	(542,404)	254,754
Subscriptions received in advance	<u>832,735</u>	<u>326,142</u>
	<u>(86,985)</u>	<u>(77,906)</u>
Cash provided by operating activities	<u>713,506</u>	<u>912,972</u>
INVESTMENT ACTIVITY:		
Additions to fixed assets	(887,664)	(1,182,149)
FINANCING ACTIVITY:		
Special project funds	(641,198)	4,088,211
(DECREASE)/INCREASE IN NET CASH BALANCES	(815,356)	3,819,034
Net Cash balances at beginning of year	<u>11,730,606</u>	<u>7,911,572</u>
NET CASH BALANCES AT END OF YEAR	<u><u>10,915,250</u></u>	<u><u>11,730,606</u></u>
Represented by:		
Bank deposits	10,766,812	11,809,319
Cash	148,438	7,080
Bank overdraft	-	(85,793)
	<u><u>10,915,250</u></u>	<u><u>11,730,606</u></u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICACOMPANY BALANCE SHEET31 July 1995


	<u>Note</u>	<u>1995</u> \$	<u>1994</u> \$
<u>NET ASSETS EMPLOYED</u>			
FIXED ASSETS	7	2,084,613	1,679,627
INVESTMENTS	10	1,558,340	1,558,340
INVESTMENT IN SUBSIDIARY		65,000	65,000
CURRENT ASSETS:			
Receivables		2,344,270	1,953,339
Bank deposits	11	10,766,812	11,809,319
Cash		141,358	-
		13,252,440	13,762,658
CURRENT LIABILITIES:			
Payables and accruals		797,298	1,364,702
Subscriptions received in advance		3,016,175	2,183,440
Due to subsidiary		350,692	271,546
Bank overdraft		-	85,793
Taxation payable		47,557	5,155
		4,211,722	3,910,636
NET CURRENT ASSETS		<u>9,040,718</u>	<u>9,852,022</u>
		<u>12,748,671</u>	<u>13,154,989</u>
<u>FINANCED BY</u>			
CAPITAL RESERVES	12	3,702,507	3,702,507
ACCUMULATED SURPLUS		<u>3,212,069</u>	<u>2,977,189</u>
		6,914,576	6,679,696
SPECIAL PROJECT FUNDS	11	<u>5,834,095</u>	<u>6,475,293</u>
		<u>12,748,671</u>	<u>13,154,989</u>

ON BEHALF OF THE COUNCIL



)
 DELROY LINDSAY)

President



)
 CLIFTON CAMERON)

Hon. Treasurer

PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995

THE PRIVATE SECTOR ORGANISATION OF JAMAICANOTES TO THE FINANCIAL STATEMENTS31 July 1995

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 1995

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>1995</u>	<u>1994</u>
	\$	\$
Depreciation	564,221	309,056
Auditors' remuneration	326,000	253,000
Overdraft interest	110,003	248,812
Bad debts provision against subscriptions and contributions	697,861	438,307
Amortisation of discount on issue of debenture (note 8)	8,651	7,209
Amortisation of premium on redemption of debenture (note 9)	7,040	9,600
Interest income	(1,592,954)	(2,964,418)
Investment income	(77,878)	(14,831)
Directors' emoluments	-	-
	<hr/> <hr/>	<hr/> <hr/>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

5. TAXATION:

- (a) Taxation is based on the group's results, with the exception of membership subscriptions, adjusted for taxation purposes and comprises:-

	<u>1995</u>	<u>1994</u>
	\$	\$
Income tax at 33%	10,287	122,401
Prior year underprovision	<u>69,129</u>	<u>-</u>
	<u>79,416</u>	<u>122,401</u>

- (b) Subject to agreement with the Commissioner of Income Tax, losses of the company available for offset against future taxable profits amount to approximately \$142,000 (1994 - \$Nil)

6. EXTRAORDINARY ITEMS:

	<u>1995</u>	<u>1994</u>
	\$	\$
Gain on redemption of debentures	109,600	-
Gain on sale of investments	<u>1,146,231</u>	<u>-</u>
	<u>1,255,831</u>	<u>-</u>

7. FIXED ASSETS:

	THE GROUP				
	Freehold land	Freehold Building	Furniture & fixtures	Motor vehicles	Total
	\$	\$	\$	\$	\$
At cost or valuation -					
At 1 August 1994	389,151	2,623,962	1,244,305	1,486,108	5,743,526
Additions	-	-	657,748	229,916	887,664
At 31 July 1995	<u>389,151</u>	<u>2,623,962</u>	<u>1,902,053</u>	<u>1,716,024</u>	<u>6,631,190</u>
Depreciation -					
At 1 August 1994	-	443,122	627,843	357,563	1,428,528
Charge for year	-	64,074	190,205	309,942	564,221
At 31 July 1995	<u>-</u>	<u>507,196</u>	<u>818,048</u>	<u>667,505</u>	<u>1,992,749</u>
Net book value -					
31 July 1995	<u>389,151</u>	<u>2,116,767</u>	<u>1,084,005</u>	<u>1,048,519</u>	<u>4,638,441</u>
31 July 1994	<u>389,151</u>	<u>2,180,840</u>	<u>616,412</u>	<u>1,128,545</u>	<u>4,314,998</u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

7. FIXED ASSETS: (Continued)

	THE COMPANY		
	Furniture & fixtures	Motor vehicles	Total
	\$	\$	\$
At cost or valuation -			
At 1 August 1994	1,069,615	1,486,108	2,555,723
Additions	657,748	229,916	887,664
At 31 July 1995	<u>1,727,363</u>	<u>1,716,024</u>	<u>3,443,387</u>
Depreciation -			
At 1 August 1994	518,533	357,563	876,096
Charge for year	172,736	309,942	482,678
At 31 July 1995	<u>691,269</u>	<u>667,505</u>	<u>1,358,774</u>
Net book value -			
31 July 1995	<u>1,036,094</u>	<u>1,048,519</u>	<u>2,084,613</u>
31 July 1994	551,082	1,128,545	1,679,627

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:

Quoted, at cost
(market value \$2,313,117
1994 - \$2,834,698)

The Group
& Company
1995 & 1994
\$

1,558,340

THE PRIVATE SECTOR ORGANISATION OF JAMAICANOTES TO THE FINANCIAL STATEMENTS31 July 1995

11. SPECIAL PROJECTS FUNDS:

	<u>The Group & Company</u>	
	<u>1995</u>	<u>1994</u>
	<u>\$</u>	<u>\$</u>
USAID - Health Sector Initiative Project	258,025	502,528
G. Arthur Brown - Scholarship Fund	134,161	136,397
Christmas Eve explosion Fund	1,765	1,765
Peace Fund	170	170
Farm Fund	617	617
Crime Stop/National Security/ National Crime Prevention Fund	4,888,452	3,873,719
Muirton Boy's Home Fund	1,817	1,817
Environment Fund	3,984	21,772
National Action Plan	345,440	1,736,844
Legislative Action Fund	199,664	199,664
	<u>5,834,095</u>	<u>6,475,293</u>

The special project funds can only be utilised in accordance with the directions from the various funds and are represented by cash and deposits, the interest on which may be used by the funds.

12. CAPITAL RESERVES:

	<u>THE GROUP</u>	<u>THE COMPANY</u>
	<u>1995</u>	<u>1995</u>
	<u>\$</u>	<u>\$</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 1995

13. LONG TERM LIABILITIES:

	The Group	
	1995	1994
	\$	\$
1% First mortgage debenture stock (1987/2008)	343,960	343,960
1% Second mortgage debenture stock (1990/2009)	444,000	592,000
	<u>787,960</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).

14. 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 \$77,586 (1994 - \$39,147).

15. CONTINGENT LIABILITY:

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

PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995



9 October 1995

To the Directors
The Private Sector Organisation of Jamaica
Kingston

Auditors' Report

The supplementary information set out on page 11 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 1995.

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.

Freddie Waterhouse
Chartered Accountants

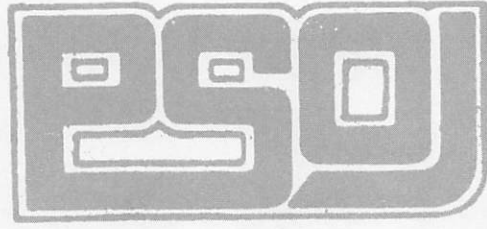
13,402,150	13,402,150
9,958,764	9,958,764
3,443,386	3,443,386
70,817	70,817
225,988	225,988
482,678	482,678
88,523	88,523
154,185	154,185
21,608	21,608
767,218	767,218
842,525	842,525

(LOSS) PROFIT BEFORE TAXATION

THE PRIVATE SECTOR ORGANISATION OF JAMAICADETAILED PROFIT AND LOSS ACCOUNTYear ended 31 July 1995

	<u>1995</u>	<u>1994</u>
	\$	\$
<u>INCOME:</u>		
Subscriptions & Contributions	7,161,933	5,042,108
Investment	77,878	14,831
Interest	1,592,954	2,964,418
Other	<u>3,427,163</u>	<u>2,674,625</u>
	12,259,928	10,695,982
<u>EXPENSES</u>		
Staff Costs	5,609,247	4,123,141
Staff welfare	88,799	45,763
Motor vehicle expense	85,805	69,280
Rent	507,000	423,000
Bank Interest	110,003	248,812
Audit Fee	216,000	168,000
Utilities	769,218	719,416
Repairs and maintenance	580,264	455,258
Bad Debts	697,861	438,307
Travelling and entertainment	808,600	611,682
Publications	669,988	549,851
View Point	377,493	297,105
Meetings and luncheon	993,137	678,402
Stationery	280,951	269,808
General expenses	496,212	426,025
Insurance	86,187	76,501
Depreciation	482,678	225,988
Lease Expense	88,522	70,817
Professional services	<u>154,185</u>	<u>31,608</u>
	<u>13,102,150</u>	<u>9,928,764</u>
(LOSS) PROFIT BEFORE TAXATION	(842,222)	<u>767,218</u>

PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995



PSOJ ANNUAL REPORT AUGUST 1994 - JULY 1995

FINANCE AND MEMBERSHIP

The Organisation ended the Financial Year with a decrease in its Net Current Assets of 883k dollars. This is due primarily to an increase of 833k dollars in Subscription received in advance which has been deferred as income for 1995-1996 Fiscal Year.

Results of Operation

The Organisation recorded an after tax surplus of 330k dollars.

	<u>Actual</u> <u>94/95</u>	<u>Budget</u> <u>94/95</u>	<u>Variance</u>
		\$ 000	
REVENUE	13406	11391	2015
EXPENSE	13076	11289	1787
SURPLUS	330	102	228

Membership Growth

	<u>July '95</u>	<u>July '94</u>	<u>Increase</u>
INDIVIDUAL	104	102	2
COMPANY	230	226	4
ASSOCIATION	30	27	3
	----	----	---
Total	364	355	9
	===	===	==

PSOJ & (HOLDINGS) LTD.

BALANCE SHEET

1995 - 1996 BUDGET

\$'000

	1995-96 Budget	Best Estimate July 1995	Actual 1994
Net Assets Employed			
Fixed Assets	4,142,199	4,638,441	4,314,998
Discount on Issue of Debentures	192,113	176,422	230,513
Investments	1,558,340	1,558,340	1,558,340
Current Assets			
Receivables	1,244,313	2,358,090	1,953,339
Bank Deposits	13,205,000	10,766,812	9,176,095
Cash	80,000	148,438	2,640,304
TOTAL	14,529,313	13,273,340	13,769,738
Current Liabilities			
Payables & Accruals	460,000	907,298	1,449,702
Subscription Received in Advance	3,500,000	3,016,175	2,183,440
Bank Overdraft	0	0	85,793
Taxation Payable	0	119,023	20,396
TOTAL	3,960,000	4,042,496	3,739,331
Net Current Assets	10,569,313	9,230,844	10,030,407
	16,461,965	15,604,047	16,134,258
Financed By:			
Capital Reserves	5,085,892	5,085,892	5,085,892
Accumulated Surplus	5,588,113	3,896,100	3,637,113
Special Projects Fund	5,000,000	5,834,095	6,475,293
Long Term Liabilities	787,960	787,960	935,960
	16,461,965	15,604,047	16,134,258

PSOJ EXPENSE BUDGET

1995 - 1996
(\$'000)

	Total	Aug 95	Sept 95	Oct 95	Nov 95	Dec 95	Jan 96	Feb 96	Mar 96	Apr 96	May 96	June 96	July 96
Staffing	7374	511	511	512	511	891	631	630	635	636	635	635	636
Travelling & Entertainment	700	40	140	40	160	40	40	40	40	40	40	40	40
Stationery	180	15	15	15	15	15	15	15	15	15	15	15	15
Publications	870		40			650	40			140			
Repairs/Maintenance	360	30	30	30	30	30	30	30	30	30	30	30	30
Utilities	840	70	70	70	70	70	70	70	70	70	70	70	70
Audit Fee	300	25	25	25	25	25	25	25	25	25	25	25	25
Insurance	350							70	70	70	70	70	70
Motor Vehicle	60	5	5	5	5	5	5	5	5	5	5	5	5
Bank Charges	56	2	2	2	2	2	2	2	2	10	10	10	10
Legal & Statutory	20								20				
Meetings	120	10	10	10	10	10	10	10	10	10	10	10	10
Luncheon / Hall of Fame	610	100			250			130			130		
Training	75		25					25			25		
Viewpoint	650	100	100	100	25			100	100	25			
Other General	120	10	10	10	10	10	10	10	10	10	10	10	10
Postage	12	1	1	1	1	1	1	1	1	1	1	1	1
Property Tax	50								50				
Depreciation	480	40	40	40	40	40	40	40	40	40	40	40	40
Seminar	270						150			120			
TOTAL	13497	888	1024	890	1184	1780	1688	1738	1123	1022	1141	881	902
SURPLUS	11	5,471	(44)	45	140	167	(707)	(707)	(859)	(855)	(894)	(914)	(872)
Income from other													
Investments transferred to													
Endowment Fund	996	83	83	83	83	83	83	83	83	83	83	83	83
TOTAL SURPLUS FOR	1,007	5,554	39	128	223	250	(624)	(624)	(776)	(572)	(811)	(831)	(789)
CURRENT YEAR													

PSOJ REVENUE BUDGET

1995 - 1996 (\$'000)													
	Total	Aug 95	Sept 95	Oct 95	Nov 95	Dec 95	Jan 96	Feb 96	Mar 96	Apr 96	May 96	June 96	July 96
Subscription	8175	6000	600	600	600	375							
Publications	1850		50			1500	50			250			
Monthly Economic Report	240	20	20	20	20	20	20	20	20	20	20	20	20
Viewpoint	1300	200	200	200	50			200	200	200	50		
Luncheon / Hall of Fame	780	120			360			150			150		
Seminar	370						200			170			
Dividends	75		25		25		25						
(Sub-Total)	12790	6340	895	820	1055	1895	295	370	220	640	220	20	20
Rental Income:													
Jamaica U-Drive	78	6	6	6	6	6	6	7	7	7	7	7	7
Bankers' Assocn.	240	20	20	20	20	20	20	20	20	20	20	20	20
(Sub-Total)	13108	6366	921	846	1081	1921	321	397	247	667	247	47	47
Investment Income	400	64	59	59	53	35	41	29	17				43
(Sub-Total)	13908	6430	980	905	1134	1956	362	426	264	667	247	47	50

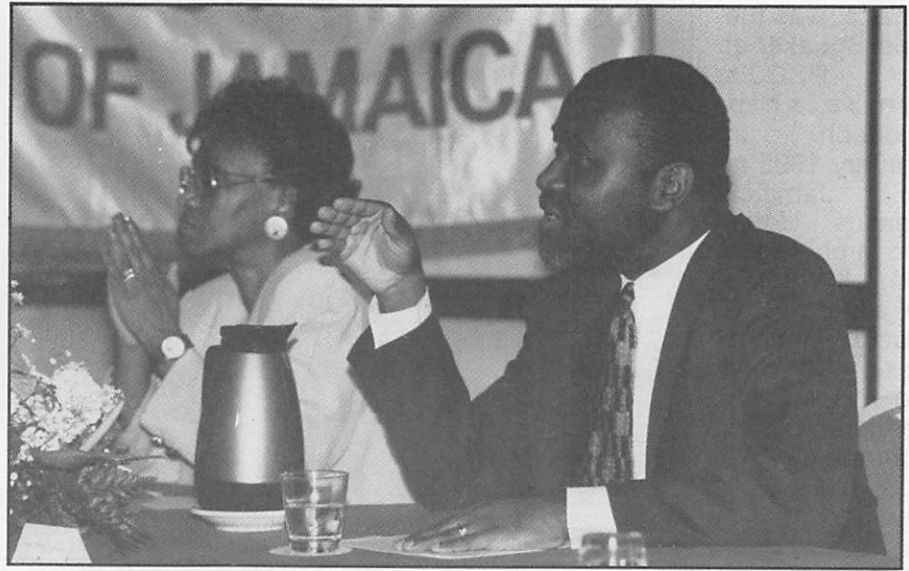
PSOJ CASH FLOW BUDGET

1995 - 1996 (\$'000)														
	Aug 95	Sep 95	Oct 95	Nov 95	Dec 95	Jan 96	Feb 96	Mar 96	Apr 96	May 96	Jun 96	Jul 96	TOTAL	
INFLOW														
Subscription	3000	600	600	600	375								3500	8675
Other Income	200	150	290	220	506	1390	290	357	222	600	222		42	4579
Investment Income	64	59	59	53	35	41	29	17					43	400
(Sub-Total)	3264	809	949	873	1006	1431	319	374	222	600	222		3585	13654
Investment Income from Endowment Fund											830		830	
(Sub-Total)	3264	809	949	873	1006	1431	319	374	222	600	1032		3668	13654
OUTFLOW														
Accounts Payable (YE 1995)	450													450
Operating Expense	922	1027	823	1117	1826	1072	1096	1086	1277	1136	916	917	13215	
(Sub-Total)	1372	1027	823	1117	1826	1072	1096	1086	1277	1136	916	917	13665	
NET FLOW	1,892	(218)	126	(244)	(820)	359	(777)	(712)	(1,055)	(536)	136	2,668	819	
OPENING CASH BALANCE	2000	3892	3,674	3,800	3,556	2,736	3,095	2,318	1,806	551	15	151	2,000	
CLOSING CASH BALANCE	3892	3,674	3,800	3,556	2,736	3,095	2,318	1,806	551	15	151	2,819	2,819	

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THE PSOJ IN ACTION

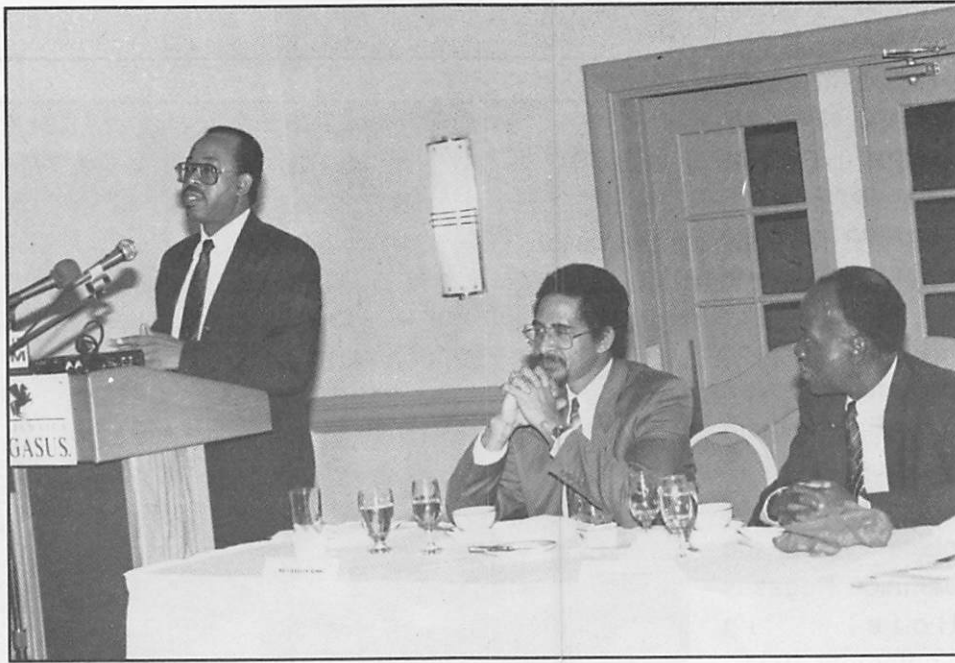
PSOJ President Delroy Lindsay answers a question at the official launch of the organisation's first television documentary on the Environment "Source of Life". The launch took place at the Jamaica Pegasus Hotel in September 1994.



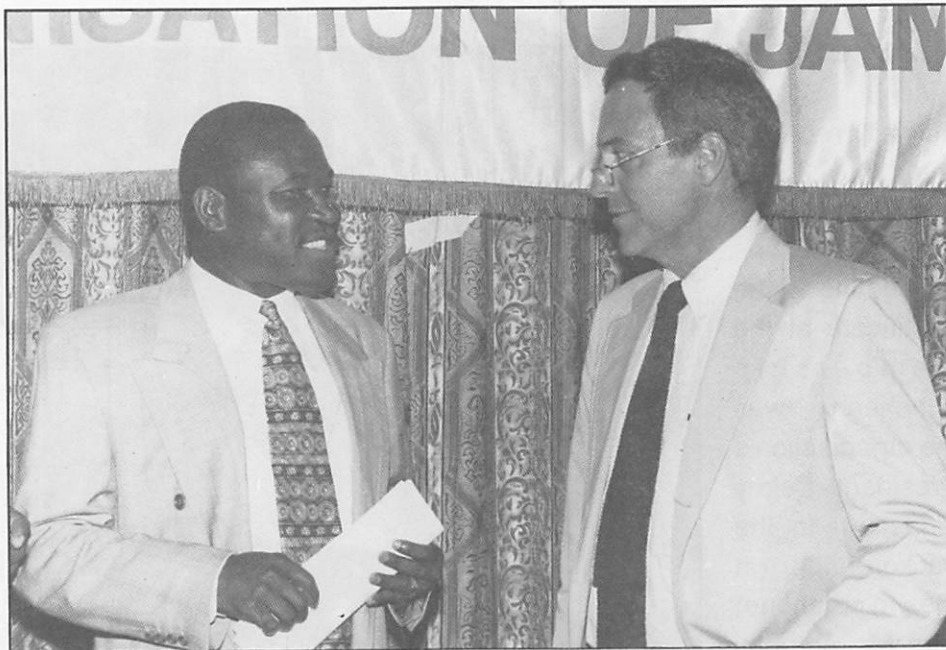
In May 1995, G.T. Auto Spares officially received their PSOJ Membership Certificate. Presenting the Certificate at the Membership Luncheon was the organisation's President Delroy Lindsay. In the background (at the microphone) was Mr. Anthony Bell, Chairman of the PSOJ's Membership Committee.



Dr. Wesley Hughes, the Deputy Governor of the Bank of Jamaica, was the Guest Speaker at the PSOJ's Membership Luncheon in February 1995 at the Jamaica Pegasus Hotel. Also in photo are (from left) PSOJ's Executive Director Charles Ross and Honorary Treasurer Clifton Cameron.



PSOJ President (left) Delroy Lindsay and Professor Steve Hanke (Professor of Applied Economics at the Johns Hopkins University) in dialogue prior to the start of the PSOJ's Membership Luncheon which was held in August at the Wyndham Kingston Hotel. In his address Professor Hanke recommended possible options for solving some of Jamaica's economic problems. These included dollarization and establishing a currency board.



COMMUNICATIONS

Introduction

During the period under review i.e. August 1994 to July 1995, the Communications Division continued carrying out its mandate: keeping PSOJ's members and the wider Jamaican society informed on and aware of important issues of national interest.

PSOJ Viewpoint

This radio discussion programme was aired on RJR between August and November 1994 - a total of 17 programmes. Moderating of these programmes was shared between PSOJ's Executive Director Charles Ross (8) and LICA's Executive Director Vivian Rochester (9). (See Appendix I).

PSOJ Viewpoint was "off the air" for the month of December, as usual, but did not resume on the scheduled date of mid-January. This was due to a request from RJR's Programme Director that the PSOJ review and revise the programme - e.g. format, content, moderators - as the last Media Survey had indicated that PSOJ Viewpoint had suffered a decline in listenership.

Several meetings have been had with RJR as well as a Communications Specialist recommended by RJR to work with the Organisation on the programme.

However, indications are that PSOJ Viewpoint is not likely to resume on RJR as

the station has since revised its programme schedule. The PSOJ is awaiting official communication of same from RJR. The possibility of the programme being broadcast on another radio station will be investigated in the coming year.

Television Programme

Based on current trends in the Communications market, the Division, in conjunction with the Executive Director's Office, explored the possibility of the PSOJ having a discussion programme on television. Discussions were had with relevant companies and agencies which could possibly be involved in the production/broadcasting of this programme. The decision has been made that the PSOJ will host a weekly half-hour discussion programme on CVM TV. Creative Productions Training Centre (CPTC) has been contracted to produce the montage for the programme. Sponsorship for the pilot scheduled for "shooting" in August, has already been identified. It is hoped that CVM will commence broadcasting the series in September.

Private Sector Focus

The Organisation continued utilizing the weekly Sunday Gleaner column "Private Sector Focus" to share its ideas with the Jamaican populace. Forty-three (43) articles were published between August 1994 and July 1995. (See Appendix II).

Enterprise

Four issues of the PSOJ's Newsletter "ENTERPRISE" were published and widely distributed during the review period. This publication continues to provide the Organisation with an important avenue for disseminating information to its readers.

Other Publications

i) Annual Report of the Executive Committee 1994

This Report was published and distributed at the PSOJ's Annual General Meeting in November 1994.

ii) 1995 PSOJ Diary

848 1995 Diaries/Fillers were sold. Sales were affected by the late delivery of fillers from the printers. In addition, complimentary Fillers were given to several schools and hospitals. The Division is currently investigating new printing options including the possibility of having the 1996 fillers printed overseas.

iii) 1994 Annual Report on the Jamaican Economy

750 copies of this Report were published in April 1995. The Report was presented at the Organisation's Seminar on the Economy which was held on April 27, 1995.

Messages/Reports

A total of eighteen (18) messages were disseminated by the Division between August 1994 and July 1995. In addition, nine (9) Reports were prepared for the Organisation's President for Council, Annual General Meeting and Luncheons.

Press/Photo Releases/

Statements/Press Advisories

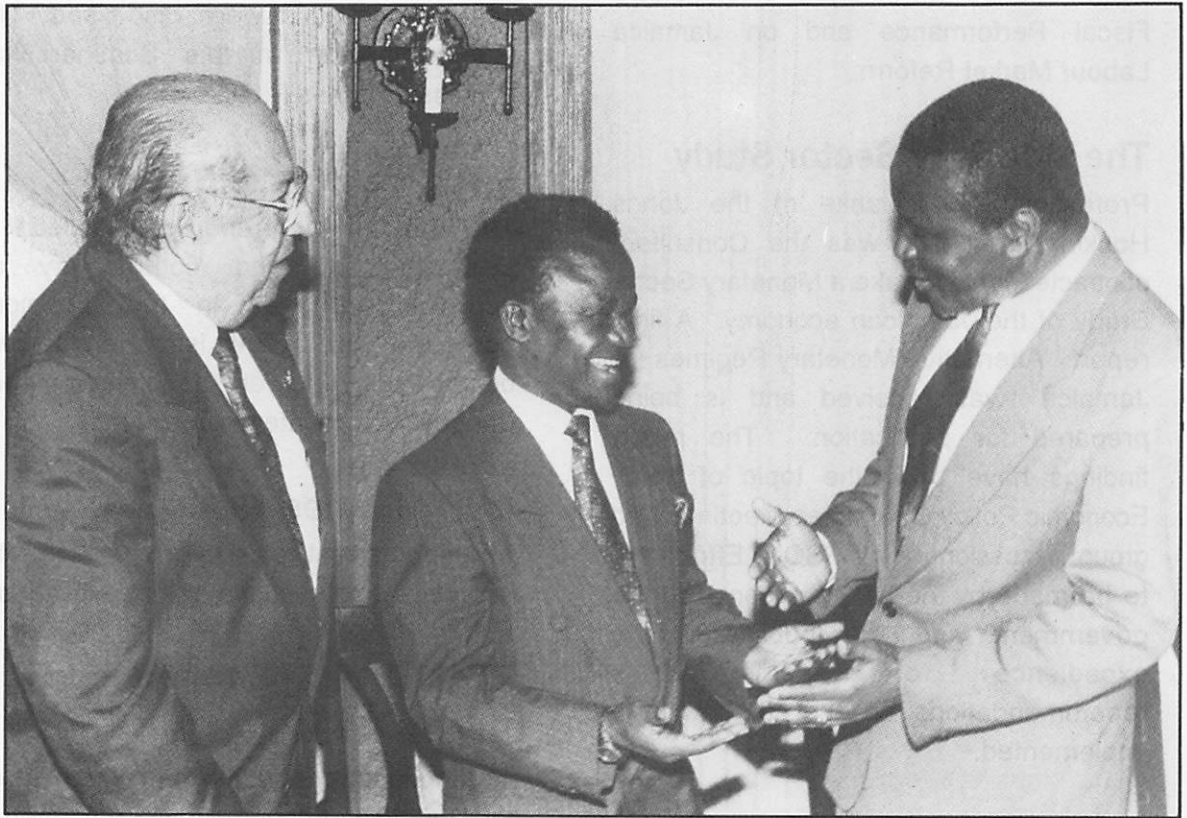
In keeping with the Division's aim to provide additional media coverage for the Organisation, thirty-two (32) press/photo releases, ten (10) press advisories and two (2) statements were disseminated to media houses islandwide.

Special Meetings/Events

The Division played a major role in organizing the following activities:

- i) Membership Luncheons islandwide (August & November 1994, February & May 1995).
- ii) Launching of PSOJ's Environmental Documentary "SOURCE OF LIFE" (September 1994)
- iii) Meeting with Cyril Ramaphosa, ANC Secretary-General (September 1994 - cancelled).
- iv) Visit of Delegation from the Dominican Republic (November 1994)
- v) Private Sector Hall of Fame Dinner (November 1994)

- vi) Membership Get-together (November 1994)
- vii) Luncheon in honour of President of Zambia (April 1995)
- viii) Dinner for Immediate Past President Douglas Orane (April 1995)
- ix) Seminar on the Economy (April 1995)
- x) PSOJ's Annual Retreat (May 1995)
- xi) Luncheon in honour of Parliamentary Under Secretary for Trade & Commerce in the British Government (June 1995)
- xii) Press Conference on Western Hemisphere Trade & Commerce Forum (July 1995)
- xiii) Luncheon in honour of the World Bank President (July 1995).



The PSOJ hosted a luncheon at the Terra Nova Hotel in honour of His Excellency Fredrick J. Chiluba, President of Zambia during his official visit to Jamaica in April 1995. Sharing a moment with the President were (from left) Grace, Kennedy & Company's Chairman Rafael Diaz and PSOJ President Delroy Lindsay.

ECONOMIC RESEARCH AND BUSINESS DEVELOPMENT

Research Activities

During 1994 the division accelerated its research activities. Research work was carried out on a number of topics viz: An Outline of a Country Strategy for Jamaica, Monetary Sector Reform Policy Paper, Implications of NAFTA, Developments in Latin America, an Analysis of Jamaica's Fiscal Performance and on Jamaica Labour Market Reform.

The Monetary Sector Study

Professor Steve Hanke of the Johns Hopkins University was the Consultant contracted to undertake a Monetary Sector Study of the Jamaican economy. A final report: "Alternative Monetary Regimes for Jamaica" was received and is being prepared for publication. The report findings have been the topic of many Economic Policy Committee Meetings and group discussions in the PSOJ. Efforts are to be made by the PSOJ to convince the government and the public on the expedience of the report's recommendations so that they will be implemented.

Business Development - 1994

PSOJ/ USAID Business

Behaviour Survey

A 1994 Business Behaviour Survey of 255 firms was successfully completed. As with the 1993 Survey, this Survey covered a

wide range of topics including sales, investment performance, capacity utilisation and perceptions of problems facing businesses. A special section of the Survey dealt with the expected impact of NAFTA/Uruguay Round developments on Jamaican businesses. The report was published and distributed at a Seminar at which the results were discussed. The Guest Speaker at this Seminar was Professor James P. Chandler.

PSOJ Economic Bulletin

The Department prepared a bulletin of selected data and commentary on economic variables in the Jamaican economy. This bulletin is for sale and will be updated monthly and transmitted via fax transmission to interested clientele.

PSOJ Diaries 1996

The department revised and updated the economic data sections of this publication.

PSOJ Annual Economic Report, 1994

The Annual Economic Report for 1994 on the Jamaican economy was completed in April 1995, and discussed at a Seminar held at the Wyndham Kingston Hotel on April 27, 1995. This report evaluated the performance of the Jamaican economy in 1994 and gave an economic outlook for 1995.

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Library

The staff library of the PSOJ continues to be non-functional despite increased storage space and partial cataloguing. The main weakness of the library however, is the fact that it lacks relevant and adequate reference materials.

Economic Policy Committee

During the review period, the Economic Division had several Economic Policy Committee Meetings under the Chairmanship of Mr. Elon Beckford. Most of the discussions and analyses focused on Alternative Monetary Regimes for Jamaica, a Country Strategy for Jamaica, Labour Reform among other topics.

Services

As is customary, the Division was greatly involved in the writing of ad hoc economic briefs, bulletins and articles in response to direct and indirect requests from the PSOJ membership, as well as for contribution to the Private Sector Focus in the Sunday Gleaner. It also updates the economic data pages in the PSOJ's quarterly publication - "The Enterprise". Technical assistance in the form of advice and interviews was also supplied to the local and international business community.

The division's staff also attended many trade policy, labour reform and industrial policy committee meetings and other functions on behalf of the organisation.



Dr. the Honourable Paul Robertson, Minister of Industry, Investment and Commerce giving the closing address at the PSOJ's Seminar on the Economy which was held at the Wyndham Kingston Hotel in April 1995. Listening intently to the Minister were (from left) Charles Ross, PSOJ's Executive Director and Fred Clinesmith, President of the Freezone Manufacturers Association.

HEALTH SECTOR INITIATIVES PROJECT

Cooperative Agreement Between USAID and PSOJ for the Health Sector Initiatives Project (HSIP)

Cooperative Agreement No.532-0152 was signed between the United States Agency for International Development (USAID) and the Private Sector Organisation of Jamaica (PSOJ) on September 11, 1990 for the sum of US\$821,000.00. The Project Assistance Completion Date (PACD) is August 31, 1995. Although the Agreement is part of the larger Health Sector Initiative Project (HSIP) between the Government of Jamaica (Ministry of Health) and USAID, the USAID Project Identification Document made clear distinctions between project support for the private sector and the public sector. Specifically, the PSOJ/HSIP Cooperative Agreement was designed as a discrete activity apart from the larger HSIP for extending funding for expanding private sector health concerns.

The goal of the HSIP is to improve the health status of the Jamaican people and the objective is to improve the quality and efficiency of current and future health services delivery.

The activities supported under the PSOJ Cooperative Agreement are:

- Investment Climate Study
- Private Sector Technical Support for (i) Health Insurance Industry Expansion:

Programmes include pre-paid managed care systems;

- (ii) Private Health Care Service Providers Criteria being in the areas of: Feasibility Studies, Management Assessments, Market and Site Selection Studies, Equipment Specifications, Preparation and Review, Marketing Assistance, Training, Public/Private Sector Partnerships.

N.B. Initially funds were not provided for Capital Investments. Subsequently, this policy was amended to allow purchase of small amount of equipment and budgetary support.

The nature of the health services eligible for grants must satisfy a set of criteria as judged by Project Evaluation Committees.

A PSOJ Health Committee and a Grants Committee was formulated to select proposals for funding. Members included representatives from:

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Medical Profession, Nurses, Pharmacists, Health Insurance Companies, Ministry of Health, USAID, PSOJ, NIBJ.

Later in the project, these Committees were compacted into one Technical Evaluation Panel.

Grants are awarded on a cost-sharing basis, with the proposer being responsible for 25% of the cost either in cash or kind. Individual as well as corporate entrepreneurs with actionable ideas for operating any health service enterprise are invited to submit proposals.

- Criteria for funding are:

Managerial, technical and financial soundness, Increase private sector cooperation, Impact on lower income group, Impact on rural areas, Increase private sector investment in health, Reduce public sector burden, Improve quality of care.

One objective of the larger HSIP was to assist in divestment in the health sector. The Investment Climate Study was done and recommendations were made for GOJ policy changes which would encourage private investment in health care services and promotion of incentives for increased health insurance. To date some 50 proposals have been submitted to PSOJ/HSIP for consideration which included requests for using under-utilized areas of health institutions. PSOJ decision for funding this type of project would call for a divestment policy by the Ministry of Health. These projects were never brought

to fruition as the GOJ has not been able to come up with such a policy. However, recently the Ministry of Health agreed to a partnership in the case of one project, that is, with Mustard Seed Communities for the Alexandria hospital.

Of the fifty odd proposals submitted, 15 have been selected for funding. To date the following have been completed:

SUB-GRANT #1:

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

SUB-GRANT #2:

"Pilot Study on National Health Insurance and Managed Care"

SUB-GRANT #3:

"Lifestyle Awareness Through the Media"

SUB-GRANT #4:

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

SUB-GRANT #5:

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

SUB-GRANT #6:

"Poly Spring Family Care Health Project"

SUB-GRANT #7:

"Nutrition Education Games - Food Bingo"

SUB-GRANT #9:

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

The following projects are still in implementation process:

SUB-GRANT #8:
"Development of Training Packages to Enhance Disability Research, Assessment and Intervention".

This is a project by 3D Projects Ltd., a NGO which specialises in the care of the disabled. An Agreement was signed between 3D Projects Ltd and PSOJ for an amount of J\$1,190,600 for production of three training packages for health and community staff-based approaches to disability. The purpose of the project is to rectify the lack of knowledge and skills in the health sector on important aspects of certain common disability problems, namely childhood disability and stroke rehabilitation.

SUB-GRANT #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 - a marketing research firm. PSOJ/HSIP supported the project for a total cost of J\$697,455.00. The study will address the potential for generic medication substitution for name-brand medication, with the aim of reducing health insurance costs and medication costs to the general public.

SUB-GRANT #11:
"Training of Cytotechnologists"

This project is funded for J\$494,500.00 to support the Jamaica Cancer Society in its effort to become more self-sufficient in the processing of slides. An Agreement signed between the Association and the PSOJ provides funding for training two cytotechnologists and purchase of medical equipment.

SUB-GRANT #12:
"Occupational Health Project"

The project planned is a survey of occupational health exposure and assessment of the feasibility of occupational health service to be undertaken over a ten-month period. An Agreement signed between CARHEPS Ltd. and the PSOJ in August 1994 for J\$1,144,333.20 provides funding for the Survey.

SUB-GRANT #13:
"Feasibility Study - Alexandria Hospital"

An Agreement between Mustard Seed Communities and the PSOJ was signed on November 10, 1994 for J\$502,112.00 for funding a feasibility study in Alexandria and its environs for establishing a Community Health Programme in partnership with the Ministry of Health. The project is modelled to respond to the mandate of the Caribbean Charter of Health Promotion. The Charter was developed at the first conference on Health Promotion held with Ministers of Health in the Caribbean in 1993.

SUB-GRANT #14:
"Feasibility Study on Database Improvement for General Practice and the Development of a Practice Information System (PIS) in the Private Sector"

A project Agreement was signed on February 9, 1995 between the PSOJ and the Pharmaceutical Society of Jamaica for J\$810,639.00 to support the development of a Pharmaceutical Networking System called "Netslave". This is a software system designed to interface and develop the inter-relationships between pharmacies, health care organizations, suppliers, hospitals and ultimately doctors, through automation, to fulfil some of the needs in the health industry in Jamaica.

SUB-GRANT #15:

"Membership Survey and Needs Analysis for the Medical Association of Jamaica"

A project agreement was signed on March 16, 1995 between the PSOJ and the Medical Association of Jamaica for the sum of J\$377,605.00 to support an in-depth study of the needs of the members of the Association in three areas:

- i. Contractual requirements to be negotiated with the Ministry of Health for the use of public health facilities;
- ii. Specific professional and support services required of the MAJ on behalf of its members;
- iii. Structural and institutional requirements of the Association to implement improvements in service on behalf of members.

These projects are scheduled to be completed by December 1995. Four new proposals are in the review process. The outstanding balance for grant projects will

be completely expended for these new proposals.

Insurance Initiatives

One objective of the project was 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 to low income groups; or would it be more appropriate to develop more innovative models to cover this segment of the population.

This Review was carried out by J.A.Young in 1992. Conclusions and recommendations from the Review included:

- * 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.

Pre Paid Health Plan

As a result of the survey, PSOJ decided to explore development of a Pre-Paid Health Plan for the low/middle income working class population. A consultant hired through HSIP Washington has been working on the development of a Plan to provide pre-paid health care in public

hospitals. The Plan will first be piloted in the Mandeville and May Pen hospitals.

On February 8, 1995, a Draft Pre-Paid Health Plan was presented to the Honourable Minister of Health and officials of the Ministry. The conclusion was that the Plan would go forward after certain strategic issues were cleared.

To date draft Requests For Proposals (RFPs) for an Information System Design and Marketing Development and Sales Training have been developed. These will be advertised for response from private sector agencies as soon as the Ministry of Health has executed specific pre-implementation decisions/activities.

The Plans will be governed by Boards of Trustees (in both towns) appointed by the PSOJ and approved by the Ministry of Health. These Boards will be accountable to the PSOJ Health Review Committee. Profit made through the Plans will be held

in an account by the Committee to provide seed money for replication of the Plan in other public hospitals.

Both the PSOJ and the Ministry of Health have prepared a "Plan of Activity" for the Plan. Start-up date for the Plan is scheduled for January 1996.

Conclusion

USAID has recommended that further technical assistance required for development of the Pre-Paid Health Plan be funded under the PSOJ/HSIP. A review of the project budget indicated that all funds were fully committed for ongoing project activities. As a result, USAID has agreed to increase funding from the sum of US\$821,000 under the Agreement to US\$900,000.

USAID has also agreed to extend the Project Agreement Completion Date (PACD) from August 30, 1995 to May 31, 1996. All grant projects should be completed by that time and the Pre-Paid Health Plan should be in implementation process.

Although grant projects are for funding feasibility studies and assessments, follow-up monitoring indicates that over 95% of projects completed have gone into implementation.

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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.

In October 1994, Major General Robert Neish joined the Board of Directors in his capacity as Chairman of the Standing Committee on National Security. However, in December 1994, Mr. Earl Patrick resigned as a member of the Board of Directors.

The Board currently comprises of the following members:

- J.A. Lester Spaulding, Chairman
- Michael Hirst, Deputy Chairman
- Jennifer Cheesman, Secretary
- Charles Ross, Executive Director, PSOJ
- Delroy Lindsay, President, PSOJ
- Neville James, KLAS
- Ionie Ramsay, Dept. Supt. of Police
- Maj Gen Robert Neish, Chairman, Standing C'mttee on National Security

The Co-ordinator, Mrs. Prudence Gentles, 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 \$4.595 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.

Accounts

The balance sheet dated July 31, 1995 shows a net book worth of \$4,753,720 and an operating surplus of \$68,876.

During the year under review the National Crime Prevention Fund raised a further \$1.158M bringing the total contribution to the Fund since its inception in 1989 to \$4.595M.

However, due to the drop in interest rates in 1995, the income the Fund expected to receive from investments has dropped significantly. This coupled with the increase in requests for rewards, has once again made it necessary for the Fund to contemplate a further fundraising campaign.

Media Advertisements

1. Twenty five (25) television, radio and newspaper Crime-of-the-Month advertisements were produced in the period under review.

These "Crime of the Month" advertisements along with the corporate campaign "Get Involved" were broadcast/published free of cost by the following media houses in more than 4000 spots including prime time spots:

JBC Television, CVM Television, Fame FM Radio, Supreme Sound Radio, JBC Radio 1, JBC Radio 2, KLAS FM Radio, IRIE FM Radio, Power 106 FM Radio, The Daily Gleaner, The Star, The Jamaica Observer, The Jamaica Herald.

These placements would have cost the Fund in excess of \$10M if they had to be paid for.

2. During the period under review the "Reward for Guns" Campaign was run for a period of four months from November 1994 to February 1995. During this period thirty three (33) illegal firearms were recovered with \$232,000 being paid out in rewards. This brings the total number of illegal firearms recovered under the "Reward for Guns" campaign to 81 with \$502,000 being paid out in rewards.

Monthly Reports and Statistics

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

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

Monthly Statistics are sent on a regular basis to the heads of each Media House to keep them up to date on the successes of the programme.

Public Response

Under the year in review 814 calls were received by Crime Stop. This brings the total number of telephone calls made to "Crime Stop" since its inception on September 1989 to 7520.

Police investigations into calls during the period under review led to 136 arrests which included 9 for murder. Of the nine arrested for murder two were arrested for

murders featured as a Crime of the Month (Elsie Parkes and Dr. Kenneth Whitbourne).

Among the stolen/illegal property recovered are 47 firearms, 1467 rounds of ammunition, 4 stolen motor vehicles, 608 1/4 lbs ganja, 195 sticks ganja, 12 3/4 acres ganja, 1/2 lb hashish, 111 pieces crack, 2 lbs 2.7 oz. cocaine, 3 television sets, 1 VHS recorder, 12 sheets zinc, 1 refrigerator, 1 ganja compressor, 2 scales.

Reward Payout

The Fund paid out a total of \$492,000 in rewards over the period under review. This brings the total amount paid out since the start of Crime Stop to \$894,750.

Crime Stop Offices

At the end of December 1994, "Crime Stop" moved into their newly renovated and decorated offices situated at 101 Old Hope Road. This would not have been possible without the help and assistance of the following companies:

- Ten-O-Let Limited,
- Magnol House Ltd.
- Berger Paints Ltd.
- Appliance Traders Ltd.
- Ian Wilson Assoc. Ltd.

In June 1995, Pan Caribbean Merchant Bank Limited donated two Okidata Microline Printers to the "Crime Stop" offices.



Pan Caribbean Merchant Bank's Donovan Perkins explains to Crime Stop Coordinator Prudence Gentles the features of the two printers which he had just presented to her. Witnessing the presentation, which took place in June 1995 at the offices of the PSOJ, was PSOJ's Executive Director Charles Ross.

JAMAICA MEDICAL ASSISTANCE COMMITTEE

Introduction

During the year under review, JaMAC co-ordinated donations of medical supplies, equipment, pharmaceuticals and books valued at US\$ 126,387.77.

These donations continue to come from Global Links in Pittsburgh, the Hospital Relief Fund Inc., in Maryland, the American Flying Dentists in Michigan, the South Dakota Chapter of the Volunteer Optometric Services to Humanity (VOSH), Ms. Beverley Treasure in New Jersey and more recently the Jamaica Association of Northern California.

Visits from Overseas Medical Personnel

Between September 1994 and August 1995, JaMAC co-ordinated two visits of the American Flying Dentists and one visit of the Volunteer Optometric Services To Humanity (VOSH).

Dental Visits

The American Flying Dentists visited in November 1994 and February 1995 making it their thirteenth trip to Jamaica since 1983.

The November 94 and February 95 dental teams consisted of a total of six dentists, one dental hygienist and five assistants.

They worked at the New Vision Clinic operated by the Rotary Club of Christiana in Coleyville, and Robins Hall and Craig Head Health Centers in the Parish of Manchester.

A total of 795 persons, of whom 348 were children, received free dental care. The dental teams performed the following procedures:

- 963 Extractions*
- 220 Restorations*
- 191 Sealant Treatments*
- 93 Temporary Fillings*
- 39 Prophylaxis*
- 28 Cleanings*
- 6 Pulpotomies*

Eye Glass Programme

The Volunteer Optometric Services To Humanity (VOSH), paid their tenth visit to Jamaica during February 1995.

The team of 1 ophthalmologist, six optometrists and twenty assistants tested eyes and distributed eye glasses at the Port Antonio Hospital during the period February 6 to 9. In addition, three optometrists and six assistants worked at the Moore Town Clinic on February 13 and 14.

At the Port Antonio Hospital 1,417 persons were examined and at Moore Town Clinic 204, making a total of 1,621.

A total of 1,974 eye glasses and 505 sun glasses were dispensed. Nineteen persons who had surgery for binocular cataracts without lens implant were given cataract glasses and 196 persons referred for treatment of eye disorders such as cataract, glaucoma, pterygia and retinal degeneration.

Other Activities

Miss Lisa Zulich, Medical Co-ordinator and Mrs. Toni McGowan, Education Co-ordinator of the Brothers Brother Foundation in Pittsburgh, Pennsylvania, visited Jamaica during April 1995. They were taken on a tour of the Bustamante Hospital for Children and the University Hospital, with a view for future donations. JaMAC discussed with them past co-operation between both organisations and directions for the future.

JaMAC's ongoing support for the Eye Clinic at the Kingston Public Hospital, resulted in the Committee obtaining a return ticket from Air Canada and complimentary accommodation from the Wyndham Hotel, for a technician to come to Jamaica August 19 and 20, 1995, to service the laser machine.

Local Donors

The Private Sector Organisation of Jamaica and the Jamaica Chamber of Commerce continues to assist JaMAC in all areas of its work.

The Committee is grateful to Grace Kennedy and Company Limited for funding the Co-ordinator's remuneration.

The Co-ordinator wishes to place on record her deep appreciation to the Patron, Mrs. Mitsy Seaga, Chairman, Mr. Bruce Rickards and members of the committee for their invaluable support and guidance during the year.



Ardenne High School's Principal, Mr. Ebanks, expressed his appreciation to Charles Ross, Executive Director of the PSOJ, for the complimentary copies of the organisation's 1995 Diary. The presentation took place in February 1995.

NATIONAL ACTION PLAN

Introduction

The National Action Plan was established as a joint initiative between Jamaica's 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 in Jamaica, in particular by identifying and systematically eliminating constraints to such investment. Opposition participation was seen as essential to facilitate the development of lasting, bipartisan solutions.

In order to implement the NAP, the partners agreed to establish a technical Secretariat, which would report and be accountable to the Steering Committee of the Plan.

Steering Committee

The structure of the Steering Committee was as follows: Minister of Finance (Chairman), Minister of Industry, Tourism and Commerce, Opposition Finance Spokesman, President of the PSOJ, immediate past President of the PSOJ, the Mission Director, USAID, and the Executive Director of the NAP Secretariat. At monthly meetings, the Steering Committee would identify areas for action, commission studies, approve project funding, select the appropriate modalities for action, establish

priorities and monitor and review activities already underway.

The bipartisan dialogue originally envisaged never materialised: the Opposition Finance Spokesman, kept fully abreast of the deliberations and decisions of the Steering Committee, expressed 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. NAP, he felt, should be a forum for the discussion of high policy matters to develop greater understanding and to allow a wider partnership in the search for solutions. (N.B.: This view appears very much in keeping with the letter sent by HPM to the Leader of the Opposition, inviting his party's participation in NAP). It became increasingly clear, however, that the very structure of the Steering Committee (for example the participation of USAID) could be a constraint on the extent to which, other members could feel comfortable taking positions on policy reform initiatives.

In addition to the suggested possible structural weaknesses mentioned above, it should be noted that despite the broad sweep of its responsibilities, the Steering Committee found difficulty in maintaining its monthly schedule of meetings. In the twenty-four months since January 1993, the Committee held ten meetings (in 1993 on 20 January, 05 March, 02 June, 26

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August, 15 September, 21 October, 18 November, and 09 December, and in 1994 on 30 March and 17 June only). There have been no further meetings of the Steering Committee up to the close of the NAP Secretariat end March 1995.

Secretariat

In addition to its Executive Director (seconded from the private sector), the Secretariat team included a Consultant Economist (funded by USAID), a Sectoral Advisor (seconded by GOJ), and an Executive Assistant.

The role of the Secretariat was to support the Steering Committee by carrying out its mandates, to coordinate and service its meetings (and those of its Task Forces), and to produce technical papers if and when instructed. This required frequent and regular meetings of the governing body as an essential precondition for achievement of desired outcomes.

Task Forces

Areas of intervention were identified or approved by the Steering Committee, which opted for a Task Force approach to implementation. Task Forces had 6-8 members chosen from the public and private sectors on the basis of relevant expertise. They were assigned ninety-day timeframes, and were mandated to deliver action, NOT reports. The four Task Forces which were operational focussed on: Privatisation of Infrastructure, Privatisation of Free Zone Management and/or Development, Upgrading of Registrar General's Department and Tax Administration and Collection.

The success of the Task Forces was affected to some degree by the level of participation by members from both sectors. Additionally, there was always difficulty to:

- * overcome sensitivities created by a seemingly confrontational approach to public dialogue on national issues;
- * convince senior management in the public sector to allocate scarce resources to the task of dismantling or reducing systems perceived as essential and overstretched.

NAP funding was sought, and approved, for the Peace and Love in Schools (PALS) Project which seeks to reduce the violence endemic in Jamaican society by teaching alternative conflict-resolution techniques to primary school children. Funding will cover costs in respect of programme design, teacher training, consultancy support and copyright material sourced from the US firm, Peace Education Foundation (PEF), chosen as contractor. PALS signed a contract with PEF on 06 January and then with NAP on 22 February and the project was launched on March 14, 1995.

As regards data on investment activity in the business sector, a Business Behaviour Survey (BBS), funded by USAID, was organised and conducted by the PSOJ between May - June 1993, with the primary objective of determining the impact of liberalisation on business. Analysis of the Survey's findings was the subject of presentations made to the Bank of Jamaica, Ministry of Finance, STATIN and

PIOJ: dialogue with these agencies was sought, with a view to helping shape policy recommendations. Public engagement in the dialogue was sought through a public seminar held on 08 November 1993. Very much the same process led to the completion of the next BBS, which examined the 1994 performance and outlook of Jamaican business: the results were presented at a public seminar on 31 January 1995.

To further the policy dialogue, NAP commissioned a consultant to develop a menu of policy options that would continue the evolution of an improved private investment environment, recommend ways to strengthen the process of gathering investment data, and operationalise aggregate level indicative investment targets. The consultant's report was

submitted, for comments, to the Ministry of Finance, the Bank of Jamaica, and UWI (Department of Economics).

Also approved and implemented was an econometric project for the monetary sector aimed at deriving quantifiable relations between IR, exchange rates, wage rates and other investment related variables which could be utilised to promote increased investment, and making recommendations based on these variables would operate to produce the desired outcome.

End of Project

The project was closed on March 15, 1995, the Secretariat closed and staff disbanded end March.



The Peace and Love in Schools (PALS) Project, which was launched in March 1995, received funding through an agreement between USAID/PSOJ/NAP (National Action Plan). Seen here signing the document are (from left seated) USAID's William Craddock, PSOJ's Charles Ross, NAP's Frank Lopez and PALS' Oliver Clarke. Witnessing the signing are (standing from left) USAID's Valerie Marshall, PSOJ's Hugh Perrin, NAP's Jennifer Owen-Williams and PAL's Sonia Williams.

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