



CONTENTS

PRESIDENT'S MESSAGE.....	2
EXECUTIVE COMMITTEE.....	6
WORLD ECONOMY REVIEW.....	7
WORLD TRADE	11
THE JAMAICAN ECONOMY.....	14
THE COMMITTEES.....	22
THE PSOJ IN ACTION.....	32
THE COMMITTEES (cont'd)	34
FINANCIAL STATEMENTS	
ADMINISTRATION.....	41
JAMAICA INSTITUTE OF BANKERS (Training and Education Services Dept).....	43
RESEARCH & FINANCIAL SERVICES DEPT.....	46
CORPORATE & PUBLIC AFFAIRS DIVISION.....	48
NATIONAL CRIME PREVENTION FUND.....	51
JAMAICA MEDICAL ASSISTANCE PROGRAMME (JaMAC).....	61
PSOJ MILESTONES.....	63

PRESIDENT'S MESSAGE

BEVERLEY LOPEZ, C.D.



FOCUS FOR YEAR

During 2005, The Private Sector Organisation of Jamaica (PSOJ) continued in its efforts to lobby the government for policies and programmes favourable to the sector, to be an effective voice on major national issues, to foster unity and cooperation and channel its resources to contribute towards alleviating economic and social problems in the country.

Early in 2005, the PSOJ was part of the Steering Committee which planned and implemented the successful **China Caribbean Economic Forum and Trade Fair**. We also presented a **Draft Code on Corporate Governance for Jamaica** to the public in February 2005. In keeping with our mandate to promote and build awareness of corporate governance principles in Jamaica, **Corporate Governance Seminars** were held in February and September 2005. The participants considered these seminars to be extremely meaningful and relevant to board directors and we intend to present similar seminars for 2006.

Our focus on job creation continues, through the monthly **Job Creation Breakfast Awards**, which recognised over forty enterprises in 2005 that have been creating employment, including small business entities and those organizations which have been providing employment for over forty years. During the period October 2005 – January 2006, these monthly events became a platform for the four contenders for leadership of the PNP, to present their vision and with the help of the media, to the general public, as well as providing an opportunity for a panel of private sector individuals to pose questions to the candidates. The fourth Phase of the Job Creation Awards will close in early 2006 and we are extremely pleased that Cable and Wireless Jamaica has committed their support for Phase 5, scheduled to begin April 2006 and run through to March 2007.

We held our first ever **'YOUTHBIZ'** seminar in May 2005, with the objective of encouraging entrepreneurship in our youth. The turnout of young persons and the positive feedback received was welcomed and we thank those entrepreneurs who shared their own experiences in starting up and successfully managing a business. A special thank you to those companies and individuals who helped to make this event a success.

Relevant trade and business information continue to be shared with our members through the PSOJ website; the **PSOJ News**; our regular e-bulletin, **'PSOJ Working For You'**, as well as the annual update on our activities provided through the **Executive Committee Annual Report**. The **Confidential Economic Bulletin** remains a source of valuable information to many business leaders and our Council members receive regular quarterly reports.

With strong support from the Economic Policy Committee, the PSOJ will continue to advocate for tax reform, for the removal of tax on dividends for private companies, as well as measures to widen the tax net thereby, decreasing the burden on the PAYE system. We will continue our lobby to remove the five-year cap on the use of tax losses.

Violent crime continues to affect us all, taking the lives of too many of our citizens, creating fear, increased security costs and significantly impeding our nation's growth and development. During the year, the PSOJ'S attempt to focus the attention of the political directorate and the entire nation on this critical issue was achieved. The **Stand for Jamaica** rally held in May at Emancipation Park, helped to launch the **Jamaica Crime Fund** and the **Political Code of Conduct** and the **RECLAIM JAMAICA Crime Forum** was held in November. These events created much debate in the media on the debilitating crime situation. I am happy to report that all political representatives have now signed the Agreement and Declaration on Political Conduct and this document has now been printed by the PSOJ for dissemination to the public. Through the Jamaica Crime Fund, forensic equipment has been purchased, based on Grace Kennedy's \$5 million commitment. The Caribbean Cement Company has also committed to provide cement valued at \$1 million to police stations in need of refurbishing. The fund has not been spectacularly successful, however, we are aware that numerous members continue to provide individual support to the police, and inner city initiatives, in many and varied ways.

The PSOJ continues to support the work of the Jamaica Constabulary Force through our Standing Committee on National Security, CRIME STOP and the monthly **Phone-In** programme, which has received almost nine hundred calls during the past three years. Some of these calls have led to major arrests and the police continue to find this initiative useful and rewarding. We thank the media houses who have provided complimentary advertising since its inception.

One of the major initiatives for the PSOJ during my presidency has been that of the *Partnership for Progress*. Since the visit to Ireland in October 2003 by a Jamaican team, the grouping, which includes representatives of the government, opposition, academia, civil society, union leaders and the private sector have been holding weekly meetings designed to build trust, seek consensus on issues of national importance and to promote the necessary adjustments to foster economic growth. We feel that the *Partnership for Progress* represents a new way of governance for the country and I am still hopeful that such a partnership can help to achieve a new vision for Jamaica.

Regretfully, during 2005, it became clear that the consolidation of the business associations was not achieving its objectives and at the quarterly meeting held in July 2005, the PSOJ Council voted to discontinue this process.



The PSOJ's **THIRTIETH ANNIVERSARY** on March 11, 2006 celebrates the achievements of the Association during the past three decades and also provides the opportunity to reflect on its meaning and relevance. The Organisation has evolved as a significant stakeholder in the Jamaican society. Its voice and influence are well respected and the vision, dedication and perseverance of the members and leaders of the PSOJ have contributed to its effectiveness. I invite you, our members, to renew and strengthen your commitment to the PSOJ as together we seek to contribute to the growth of the private sector and our nation.

As President of the PSOJ for the past three years, I have been privileged to work with the Officers and other members to address major issues of national importance. My tenure has been challenging yet worthwhile and I have been greatly encouraged by the support received and the good wishes expressed. Thank you to those members who have motivated me and provided stalwart service to the PSOJ. Sincere thanks to the Officers and Executive Committee, who have provided outstanding personal and professional support, to members of Council and to the PSOJ committees, and as always, to the staff of the Secretariat.

BEVERLEY LOPEZ
PRESIDENT

A woman with dark, curly hair is smiling and standing in a kitchen. She is wearing a dark, textured turtleneck sweater. Her hands are on her hips. In the background, there are kitchen cabinets, a window with yellow curtains, and a counter with various items including a bowl of fruit (yellow and red bell peppers) and a plate of tomatoes.

Where are you?

JMMB's planning consultation will let you know where you are in the Financial Lifecycle, and advise you on the best way to achieve your goals.

Make the most of
2006

Define your goals. Consider them believable and achievable. Set off on the right path with JMMB, your best partner throughout your financial lifecycle.

Call 1-888-GET-JMMB

Come in... spend some time with us.



HAUGHTON • KNUTSFORD BOULEVARD • TROPICAL PLAZA • PORTMORE
MANDEVILLE • MONTEGO BAY • OCHO RIOS • MAY PEN • SANTA CRUZ

EXECUTIVE COMMITTEE – 2005-2006



Beverley Lopez, CD - President



Earl Jarrett
Vice President



Donovan Perkins
Vice President



Nigel Clarke
Vice President



William McConnell, CD
Hon. Secretary



Don Wehby
Hon. Treasurer



Earl Moore,
President
Insurance Association of
Jamaica (IAJ)



William Clarke, CD
President
Jamaica Bankers'
Association (JBA)



Andre Gordon
President
Jamaica Exporters'
Association (JEA)



Audrey Hinchliffe
President
Jamaica Employers'
Federation (JEF)



Horace Peterkin
President
Jamaica Hotel and
Tourist Association
(JHTA)



Keith Duncan
President
Jamaica Securities
Dealers Association
(JSDA)



Harry Maragh
President
Shipping Association of
Jamaica (SAJ)



Lola Fong Wright
Chief Executive Officer

WORLD ECONOMY REVIEW

OVERVIEW - 2005

The World Gross Domestic Product (GDP) was expected to grow by 4.3% in 2005 and 2006, down from the 5.1% in 2004¹. Projections are largely consistent with previous year's estimates. In the first quarter of 2005, global GDP growth improved largely from increased performance in the services sector. This was more than sufficient to offset the reduced growth levels in manufacturing and trade. The IMF indicated that higher oil prices and lower business confidence in major countries were some of the factors impacting on the second quarter outcome. By September, it was evident from indicators that manufacturing and trade were recovering, but the continued rise in refined and crude oil was worsened by the devastating effects of hurricane Katrina.

During 2005, there was rising concern about the development of current account imbalances in the global economy. Higher oil prices, for instance, in the USA, along with continued high demand, led to an expansion of the nation's current account deficit. The Middle East oil exporting nations and other countries, such as Japan and China, were on the surplus end with continued increases in the US dollar stock. Despite these results, the US continued to record strong capital inflows from both official and private sources. Offsetting the negative impacts of increased oil prices on the current account, was a moderate appreciation of the US dollar during the year.

However, core inflation (CPI excluding oil and food prices) was kept relatively stable².

Europe, however, had noticeable and persistent economic slack which helped to push down core inflation for the year. For Japan, it was projected that buoyant household demand would have resulted in positive core inflation. The 2005 OECD Economic Outlook indicated that virtually all countries have maintained price stability in light of the oil shocks in 2005. The hike in oil prices did not reflect any resulting change in demand for higher wages, and anticipated long-term growth in inflation. Despite the surge in headline inflation, there was little pass-through to non-oil prices. The IMF indicated that inflationary expectations among major industrialized countries remained largely affixed as core inflation was held in check. Emerging markets, on the other hand, were less flexible in restraining the inflationary tendencies resulting from rising oil prices.

During the year 2005, monetary policies became increasingly dissimilar among major nations, largely pertaining to the setting of interest rates. The Federal Reserve and the Bank of Canada increased rates. Rates were held in check by the Europe Central Bank and Bank of Japan; while the Bank of England and the Swedish Riksbank permitted a reduction in interest rates during the year.

¹ Projections are taken from the September 2005 IMF World Economic Outlook.

² Press release for OECD 2005 Economic Outlook

Both the US and the Canadian dollar appreciated during the year and helped to offset the rising current account deficits within their respective territories. The uncertain political atmosphere in Europe after rejection of the EU constitution in France and the Netherlands, along with unfavourable short-term interest rate differentials, were important factors contributing to the depreciation of the euro. The yen also depreciated for the year 2005.

The IMF described financial market conditions as benign during the first eight months of 2005. There were relatively low long-term interest rates on the global market and equity markets performed well overall with evidence of strong corporate returns and balance sheet positions. Favourable financing opportunities were also available for emerging markets as long-term interest rates were lower than previous years.

GDP growth by August 2005 in the US was still the highest among G7 members despite a slight decline when compared to the year before. GDP growth in the USA was expected to remain at a high 3.5%, to reflect the nations' capacity to maintain high levels of productivity, in spite of the significant loss of lives and property caused by Hurricane Katrina. In addition to this, the resulting increase in gasoline prices that led to a reduction in savings could limit the nation's prospects for growth. Europe, and especially Italy, was

not considered to be a resilient domestic economy. Estimated GDP growth was therefore revised downwards from 2% to 1.2% due largely to the revealed weakness of domestic demand.

There was a sharp growth in GDP for Japan in the first quarter that indicated continued expansions in the region. The GDP growth forecast for Japan was set at 2% for the year 2005 and 2006. The IMF indicated that in Japan there was still a need for greater profitability incentives for banks and corporate sector companies. There was a mild 0.4% y-o-y deflation in the Japanese CPI in 2005. The IMF review in September 2005 indicated that growth in Emerging Markets & Developing Countries remained largely the same but that the significant impact of higher oil prices on individual territories should not be overlooked. China, for instance, has built up considerable levels of liquidity within the banking system and continues to perform better than projected.

It is suggested from the OECD Economic Outlook that sustained world growth should not be taken for granted. The infrastructure that accommodates favourable growth outcomes should be nurtured to secure future economic growth. It is recommended that continued efforts be made to liberalize trade such as a successful completion of the Doha Round, along with other essential trade reforms■

WORLD ECONOMIC OUTLOOK PROJECTIONS

Current Proj.

Diff from Apr 2005 Proj

	2003	2004	2005	2006	2005	2006
World output	4.0	5.1	4.3	4.3	—	-0.1
Advanced economies	1.9	3.3	2.5	2.7	-0.1	-0.3
United States	2.7	4.2	3.5	3.3	-0.2	-0.3
Euro area	0.7	2.0	1.2	1.8	-0.4	-0.5
Germany	-0.2	1.6	0.8	1.2	—	-0.7
France	0.9	2.0	1.5	1.8	-0.5	-0.4
Italy	0.3	1.2	—	1.4	-1.2	-0.6
Spain	2.9	3.1	3.2	3.0	0.5	0.1
Japan	1.4	2.7	2.0	2.0	1.2	—
United Kingdom	2.5	3.2	1.9	2.2	-0.7	-0.4
Canada	2.0	2.9	2.9	3.2	0.1	0.2
Other advanced economies	2.5	4.4	3.2	3.9	-0.2	—
Newly industrialized Asian economies	3.1	5.6	4.0	4.7	—	-0.1
Other emerging market and developing countries	6.5	7.3	6.4	6.1	0.1	0.1
Africa	4.6	5.3	4.5	5.9	-0.4	0.5
Sub-Sahara	4.1	5.4	4.8	5.9	-0.4	0.4
Central and eastern Europe	4.6	6.5	4.3	4.6	-0.2	0.1
Commonwealth of Independent States	7.9	8.4	6.0	5.7	-0.5	-0.2
Russia	7.3	7.2	5.5	5.3	-0.5	-0.3
Excluding Russia	9.2	11.0	7.1	6.8	-0.6	-0.2
Developing Asia	8.1	8.2	7.8	7.2	0.3	—
China	9.5	9.5	9.0	8.2	0.5	0.2
India	7.4	7.3	7.1	6.3	0.5	-0.1
ASEAN-4	5.4	5.8	4.9	5.4	-0.5	-0.4
Middle East	6.5	5.5	5.4	5.0	0.3	0.1
Western Hemisphere	2.2	5.6	4.1	3.8	—	0.1
Brazil	0.5	4.9	3.3	3.5	-0.4	—
Mexico	1.4	4.4	3.0	3.5	-0.8	0.3
Memorandum						
European Union	1.3	2.5	1.6	2.1	-0.4	-0.4
World growth based on market exchange rates	2.6	4.0	3.1	3.2	—	-0.2
World trade volume (goods and services)	5.4	10.3	7.0	7.4	-0.5	-0.2
Imports						
Advanced economies	4.1	8.8	5.4	5.8	-1.1	-0.5
Other emerging market and developing countries	11.1	16.4	13.5	11.9	1.5	0.9
Exports						
Advanced economies	3.1	8.3	5.0	6.3	-0.9	-0.5
Other emerging market and developing countries	10.8	14.5	10.4	10.3	0.4	0.6
Commodity prices (U.S. dollars)						
Oil ¹	15.8	30.7	43.6	13.9	20.5	19.8
Nonfuel (average based on world commodity export weights)	6.9	18.5	8.6	-2.1	4.7	3.0
Consumer prices						
Advanced economies	1.8	2.0	2.2	2.0	0.2	0.2
Other emerging market and developing countries	6.0	5.8	5.9	5.7	0.4	1.1
London interbank offered rate (percent)²						
On U.S. dollar deposits	1.2	1.8	3.6	4.5	0.3	0.4
On euro deposits	2.3	2.1	2.1	2.4	-0.2	-0.5
On Japanese yen deposits	0.1	0.1	0.1	0.2	-0.1	-0.2

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during July 8–August 5 2005. See Statistical Appendix for details and groups and methodologies.

¹Simple average of spot prices of U.K. Brent Dubai and West Texas Intermediate crude oil. The average price of oil in U.S. dollars a barrel was \$37.76 in 2004; the assumed price is \$54.23 in 2005 and \$61.75 in 2006.

²Six-month rate for the United States and Japan. Three-month rate for the euro area.

“Being Members helped us to own our homes!”

Every JN Member gets more:

- **FREE** ATM and Point of Sale services - you can save over J\$2,500 per year in fees
- **FREE** bill payment service
- **Special Member offers with great returns** - higher interest rates on savings
- **Lower interest rates on mortgages** - special rates for qualified members
- **Pension expediter service**
- **Discounts from JN Subsidiaries** - plus discounts from more than 50 select merchants



Karen Smith, OD,
Cabaret singer and her mother
Barbara Smith, CD, JP,
retired Principal

Two generations of
JN Members



For more information call:

1-888-GET-JNBS
(1-888-438-5627)

e-mail: info@jnbs.com

website: www.jnbs.com



Our Members are Everything!



WORLD TRADE - 2005

Jamaica's Trade Policy Review

2005 began with the WTO Trade Policy Review (TPR) of Jamaica in January 2005 in Geneva. The Government's Team was led by WTO Ambassador Ransford Smith. The main issues discussed concerned financial services and Jamaica's commitments at the multilateral level, the liberalization of electricity, the structure of the tariff system (stamp duties, etc), intellectual property rights and distribution services. Commendation was given for the advancement made in the area of telecommunications liberalization.

The year's Multilateral Trade Talks

The first few months of the year in the WTO focused on the choice of WTO Director General and with it talks of reform of the WTO, which eventually resulted in the selection of Pascal Lamy of France in May 2005, who officially replaced outgoing DG Supachai Panduchi in September 2005. In July 2005, a "mid-term report" was given of progress made since the "July Approximations" of the previous year which charted a path for the completion of the Doha Development Agenda by end 2005. Most negotiators, including WTO officials, were particularly circumspect about the level of progress that had been made in talks, particularly relating to agriculture and the removal of export subsidies and domestic support, as well as the ambitious hopes for a development-oriented agenda.

The year of multilateral talks culminated with the hosting of the 6th Ministerial meeting of the WTO in Hong Kong, China from December 13 – 18, 2005 which was seen as the "end game" for the Doha Development Round.

Developing countries, for their part, went to the negotiating table disgruntled with the minimal steps taken by developed countries in brokering an equitable agreement

with a high development component. Among the positions articulated by CARICOM governments at that meeting were issues relating to exemptions from duty reductions for certain sensitive products, the preservation of preferences in traditional areas such as bananas and sugar, as well as issues relating to technical assistance for smaller economies integrating into the global economy and faced with increasing trade openness.

On the Caribbean side, there were some perceived "wins" which included the staving off of calls for the General Agreement on Trade in Services (GATS), multilateral agreement regulating the trade of services, to be changed to a plurilateral system of countries responding to requests by other countries. Additionally, all export subsidies and measures of equivalent effect would be eliminated by 2013; developing countries such as Jamaica and the Caribbean can designate products as sensitive (special products) based on the criteria of food security, livelihood security and rural development and also apply a Special Safeguard Mechanism (a protective tariff) based on pricing and volume; domestic support over certain amounts would also be reduced; and every effort made to have Special and Differential Treatment (S&DT) included in all negotiating areas of the agreement.

Loss of Preferences for Traditional Commodities

Bananas and sugar were the two main commodities at the centre of focus for 2005 as they were affected by proposed changes to the longstanding EU Common Agricultural Policy (CAP). In light of the case brought before the WTO against ACP banana producers, and the call for the removal of preferences for ACP countries, the EU proposed a tariff of 230 euros for bananas in its new tariff-only regime to coincide with its WTO obligations. Despite calls from Latin American producers for the tariff rates to be scaled back significantly (75 euros per ton), the EU finally proposed a rate of 176 euros per ton for third party (or MFN) bananas which was expected to take effect come January 1, 2006.

With regard to sugar, Europe, despite calls and rulings in the WTO for a removal of preferences to ACP producers, initially confirmed its determination to respect its commitments to its longstanding ACP partners. However, in early 2005 an arbitration panel ruled against ACP sugar, which dealt a huge blow to the regional sugar producing countries, in fact St Kitts declared in early 2005 that they would no longer export sugar.

One component of the Caribbean strategy to address the threat to the sugar regime was an efficient letter writing campaign and lobbying which was undertaken in European capitals, as well as meetings being held with Caribbean stakeholders and various EU ministers. The main contention for ACP sugar producers was the proposed depth of cuts (39%) and the proposed period of transition as being too short. There was also a call for parity in treatment of ACP sugar producers and those of the EU. 2005 saw various meetings, including meetings with outgoing EC Director General for Trade, Pascal Lamy, and incoming EC Director General, Peter Mandelson and various funding agencies to devise plans for regional recovery programmes in the area of sugar.

At the end of 2005, the final position was that the EU would slash the prices guaranteed to domestic sugar producers (including those from the ACP regions) by 36% over a period of four years, beginning implementation in 2007, with an assistance package of 40 million euros available as of 2006. Further assistance would be on a negotiated basis.

Regional Economic Partnership Agreements (REPAs)

The launch of the 3rd Phase of negotiations of REPAs took place in September 2005 in St Lucia after most of the year was spent in a "getting to know you" phase, with both the CARIFORUM and EU groupings exchanging information on their respective processes of regional integration.

For their part, the CARIFORUM countries focused on deepening regional integration through the CARICOM – DR Free Trade Agreement. Not much progress was made during the year, despite Joint Council meetings, where, among the issues discussed, were phase-out schedules, seasonal agricultural lists, and rules of origin, and of course the contentious non-tariff measure in the form of Law 173.

This Third Phase of negotiations which will last until December 2006 is expected to consolidate discussions and the points of common understanding of the elements of a draft agreement, as well as decisions on approaches to trade liberalization, the treatment of sensitive products and measures aimed at enhancing the access of Caribbean exports to the EU market.

Bilateral Agreements

At the beginning of the year, Trinidad and Tobago, the CARICOM Member State with lead responsibility for bilateral affairs, committed CARICOM to engaging in talks with MERCOSUR for the conclusion of a Free Trade Agreement. The majority of the year was spent in a phase of "information exchanges" between both parties. Concurrently however, various countries commenced talks with Brazil in various areas of cooperation, including ethanol production and technical assistance in their sugar industries.

Following the calls in 2004 for the conclusion of a trade agreement with Canada to replace the outgoing CARIBCAN agreement, 2005 did not deliver on hopes for a CARICOM – Canada bilateral agreement, mainly due to political malaise in Canada for the major part of the year.

A highlight of 2005 for bilateral arrangements was the China – Caribbean Trade Forum which was hosted in February 2005 and brought various Caribbean countries to discuss issues of tourism, particularly official recognition of the region as a tourist destination for Chinese visitors. At this forum,

Jamaica and China also held talks in the areas of trade in goods, technical cooperation and technical assistance. The China – Jamaica relationship saw visits of the Prime Minister P.J. Patterson to that country and the appointment of the country's first Jamaican Ambassador, in the person of Wayne McCook, to that country. In June, some four bilateral agreements were signed with China covering areas of education exchange, bauxite production, technical cooperation, among others.

The CARICOM – Costa Rica Agreement, which was signed in the previous year, did not see any activity in 2005, as only three CARICOM countries have yet ratified the Treaty; Jamaica not being among that number.

Free Trade Area of the Americas (FTAA)

The year 2005 was similar to 2004 for the FTAA. No significant movement was made to resurrect negotiations for this hemispheric pact despite various developments, including the change of USTR Robert Zoellick, which were expected to be determining factors in restarting talks. A handful of unofficial meetings were held throughout the year, mainly with the co-Chairs, but without substantial movement or success. In November 2005, however, hemispheric leaders gathered in Argentina at the IV Summit of the Americas and for the most part, declared their continued support for the initiative. The Caribbean voiced their support for a re-commencement, with other players, such as the United States, Canada and Central America, while a group of 5 countries – Brazil, Argentina, Paraguay, Uruguay and Venezuela) requested that the process be delayed further until outcomes of the WTO negotiations (especially those in agriculture) could be determined in December.

CARICOM Single Market and Economy (CSME)

The year 2005 was an important one for the regional Single Market and Economy. True to their commitment to 'fast-track' implementation, the More Developed Countries of Barbados, Jamaica and Trinidad and Tobago were ready for implementation as at January 1, 2005, although the official signature which was slated for February 2005 was postponed indefinitely and did not take place in 2005 at all.

Other advancements in 2005 were the issuance of CARICOM Passports by some countries such as Surinam and St Vincent and the Grenadines and the inauguration of the Caribbean Court of Justice in Trinidad and Tobago, headed by Michael de la Bastide.

The countries of the OECS sub-region, during the year, consistently registered concern about their preparedness for the CSME and the more nefarious effects that their union would cause. As a result, countries agreed to the launching of a Regional Development Fund – conceived of as an "affirmative action" – type arrangement to recognize the special needs of the OECS.

Petrocaribe Initiative

In September 2005, representatives of the majority of CARICOM Member States (with the marked exception of Trinidad and Tobago and Barbados) signed the Petrocaribe Agreement with the government of Venezuela. The current agreement which replaces the San Jose Accords is another step in a series of existing preferential arrangements for petrol and petroleum products between Venezuela and its Caribbean neighbours, and is but one component of President Hugo Chavez's strategy to deepen integration in the region.■

THE JAMAICAN ECONOMY

Real GDP growth for the calendar year 2005 was estimated at 1.4%. The major growth areas for the goods producing sector were Construction & Installation (up 7.0%) and Mining and Quarrying (up 2.7%). Agriculture grew by a significant 27.9% in the last quarter of 2005 and was largely reflective of the sector's recovery from the devastating effects of hurricane Ivan in September 2004. For the entire year, the agricultural sector posted an estimated 7.3% decline when compared with 2004. All Export and Domestic Crops were affected by Hurricane Ivan. The drought in early 2005 accompanied with bush fires especially in St. Elizabeth; the heavy rains that followed shortly after and the compounding effects of Hurricanes Dennis and Emily, all hindered the post hurricane Ivan recovery process.

The Mining & Quarrying sector quickly revived from the damaging effects of Hurricane Ivan in 2004 as the sector recorded increases in both capacity and utilization for the first Quarter of 2005. However, labour disputes in the second quarter of 2005 resulted in lower levels of crude bauxite production/capacity utilization. The sector performed well despite hurricanes and heavy rains in the third quarter. It was anticipated that the combined effects of Tropical Storm Wilma and mechanical problems affecting two (2) plants during the 4th quarter would have a noticeable negative impact on the sector's performance. The Statistical Institute of Jamaica (STATIN) estimated a 2.8% growth in the Mining & Quarrying sector for 2005 (See table 1).

The Manufacturing & Processing sector declined by 1.0 percent for calendar year 2005. This performance was due to the 3.4 per cent fall off in the category, Food, Beverages & Tobacco. The other major category, Other Manufacturing, grew by 1.9 per cent. The Food, Beverage & Tobacco category, declined, especially during the fourth quarter, a contraction of 10.3 per cent. The reduction in output from

this grouping was driven by lower production of Sugar, Molasses, Cigarettes and Carbonated Beverages.

The Other Manufacturing category was pushed by increased production of petroleum products and cement. The petroleum refinery resumed production in the third week of June 2005 following a six-month closure. Cement production ceased for 11 days because of a labour strike, coupled with poor weather conditions during October 2005.

The construction sector grew by an estimated 7.0% during 2005. The major indicators used by the PIOJ were levels of cement sales and production and the importation of construction materials. Rehabilitation and reconstruction work carried out during the year was due to the effects of Hurricane Ivan in the previous year and other natural disasters which caused damage to infrastructure during 2005. Throughout the year there were construction activities on a number of new hotels as well as the Highway 2000 project. Work on the Government's inner city housing project also contributed to the sector's growth during the year.

It is estimated that all segments in the Services sector grew during the year 2005. The major contributors to growth were Electricity & Water; Miscellaneous Services; and Transportation Storage & Communication. The year began with expanded levels of production in water. Electricity demand was, noticeably less than anticipated due to lower consumption by some industrial consumers. Sales increased towards the middle of the year, but with drawbacks at some plants such as the #4 Steam in Old Harbour; the Steam 14 section at the Bogue Plant and the B6 unit in Hunts Bay, all of which experienced difficulties leading to reduction in electricity production.

Towards the end of the year, there was less use of the expensive gas turbines and increased usage of JPSCo's Steam and Hydro units. This led to increased electricity generation in the second half of 2005. The Bogue Plant was returned to its normal operation and helped to boost electricity production. The positive trends seen in electricity and water production for the third quarter continued to the end of the year. Miscellaneous Services grew by an estimated 2.9%. Tourism activities account for approximately 80% of the Hotel, Restaurants & Clubs category, which grew by an estimated 3.4%. The Tourism sector recorded strong growth at the beginning of the year due largely to local celebrations, international meetings and the spring break attraction.

The sector however, contracted when, in the second quarter, two hotels closed for refurbishing and the island experienced a reduction in airlift capacity. The hurricane season also contributed to a depressed state within the sector. Towards the end of the year there was a noticeable shift in trends as tourism activity rebounded. Damage to other tourist destinations resulting from hurricanes led to increased arrivals to Jamaica. Aggressive advertisement of the Jamaican tourism product along with increased airlift capacity to the country, all contributed to growth, as the year came to an end.

**Table 1: REAL SECTOR GDP GROWTH & FORECAST
2005 & 2006**

	Actual GDP Growth (%)					GDP Forecast %		
	1999	2000	2001	2002	2003	2004	2005p	2006p
Total GDP	0.9	0.7	1.5	1.1	2.3	0.9	1.4	2.5
GOODS	-1	-2.3	2.5	-0.5	1.7	1.3	0.9	
Agriculture, Forestry & Fishing	1	-12.5	6.3	-7	4.8	-8.9	-7.3	7.0
Mining & Quarrying	0.1	-1	2.6	3.3	4.9	2.6	2.7	4.5
Manufacturing	-1.9	0.6	0.8	-0.9	-0.9	3.0	-1.0	1.2
Construction	-1.7	0.7	2.3	2.6	1.5	5.0	7.0	3.6
SERVICES	2.1	2.4	0	2.3	2.5	1.2	1.4	
Electricity & Water	4.6	2.2	0.7	4.6	4.7	-0.1	4.1	3.5
Transport, Storage & Communication	6.8	6.5	5.1	6.2	3.6	0.9	1.2	3.0
Distribution	-0.5	1.2	0	0.1	1	1.3	1.1	1.4
Finance & Insurance Services	7	3.1	-8.3	6.2	4.3	-0.7	0.4	0.9
Real Estate & Business Services	-1.5	0.0	1.1	0.7	1.8	2.1	1.8	1.9
Producers of Government Services	0.0	-0.3	0.6	0.5	0.2	0.2	0.4	0.4
Miscellaneous Services	1.7	3.8	-1.1	0.5	4.8	4.1	2.9	6.2
o/w: Hotels, Restaurant & Clubs	2.7	5.4	-1.5	0.1	5.6	4.6	3.4	7.8
LESS Imputed Service Charge	3.1	2.1	-9.1	5.4	1.6	5.1	-1.5	0.3

Source: Statistical Institute of Jamaica (STATIN)

Growth in the Transportation, Storage & Communication sector is estimated at 1.2% for 2005. The year began with increased activities at sea and air ports. The new US Air carrier at the Norman Manley International Airport (NMIA) contributed to this by reducing the impact of restructuring. This cushioning effect did not last long as transportation activities declined towards the middle of the year. The rainy season of the second quarter restricted land travel as reported by the JUTC. The reduction of outbound cargo was due to reduced exports of sugar, banana and crude bauxite. Cargo imports, however, grew to reflect the increased demand for building materials.

Growth in the Transportation, Storage & Communication sector for the September quarter reflected improvements over the setbacks caused by Hurricanes Charley and Ivan in 2004. There were increased inbound and outbound activities at the seaports. The restructuring at Air Jamaica led to a contraction in passenger movement at the Sangsters International Airport (SIA) as activities were largely diverted to the NMIA. There was also a marginal growth in land transit activities, accompanied by the average weighted 32% increase in JUTC bus fares during the third quarter. Towards the end of the year, both air and water transportation contributed to growth within the sector.

Prices

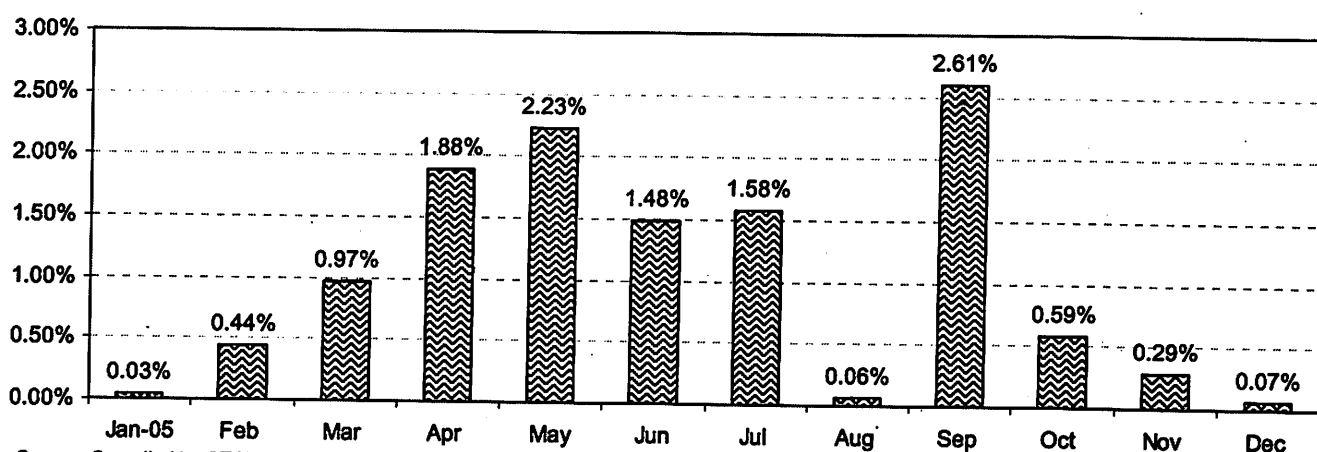
Inflation for 2005 was 12.9% which was 80 basis points below the 13.7% in 2004. The year 2005 commenced with unfavourable weather conditions. Inflation was brought on by drought conditions coupled with bush fires that reduced the supply of items in the Starchy Foods and Vegetables & Fruits group. These conditions also had lagged effects leading to price increases towards the middle of the year. In the second and third quarters, weather conditions, in the form of hurricanes and tropical storms, hampered the recovery of items in the vegetable and fruits category.

Starchy Foods, however, recovered towards the end of the year. Programmes such as the Domestic Food Crop Management Project provided both technical and financial assistance to producers of ground provisions and resulted in a positive impact on supply.

During the year there were significant energy price fluctuations. The year began with higher international oil prices, despite increased supply by the Organisation of the Petroleum Exporting Countries (OPEC). This was motivated by rising concerns that OPEC did not have enough capacity to expand supplies in the case of a severe oil related shock. There was also continued high demand emanating from China and India, along with the colder than expected weather conditions in the northern hemisphere at the start of the year. All these factors led to a gradual increase in oil prices. In September, the oil industry was severely affected by hurricane Katrina when it struck New Orleans, resulting in a shortage of oil on the international market. Jamaica depends largely on oil imports to supply energy needs. This was reflected in the CPI growth for the period (see figure 1).

Prices in the local economy were also impacted by increased General Consumption Taxes and Special Consumption Taxes, which also had lagged effects after implementation in the second quarter of 2005. Adding to inflation during the year was administrative price adjustments and a rise in both bus and taxi fares of approximately 32% and 25% respectively. There were also lagged effects of increased oil prices on electricity and water utilities and also on flour and other baked products. Towards the end of the year inflation was also directly impacted by the pass through of local currency depreciation on durable goods.

Figure 1: Monthly Inflation Trends for 2005



Source: Compiled by STATIN and PSQJ

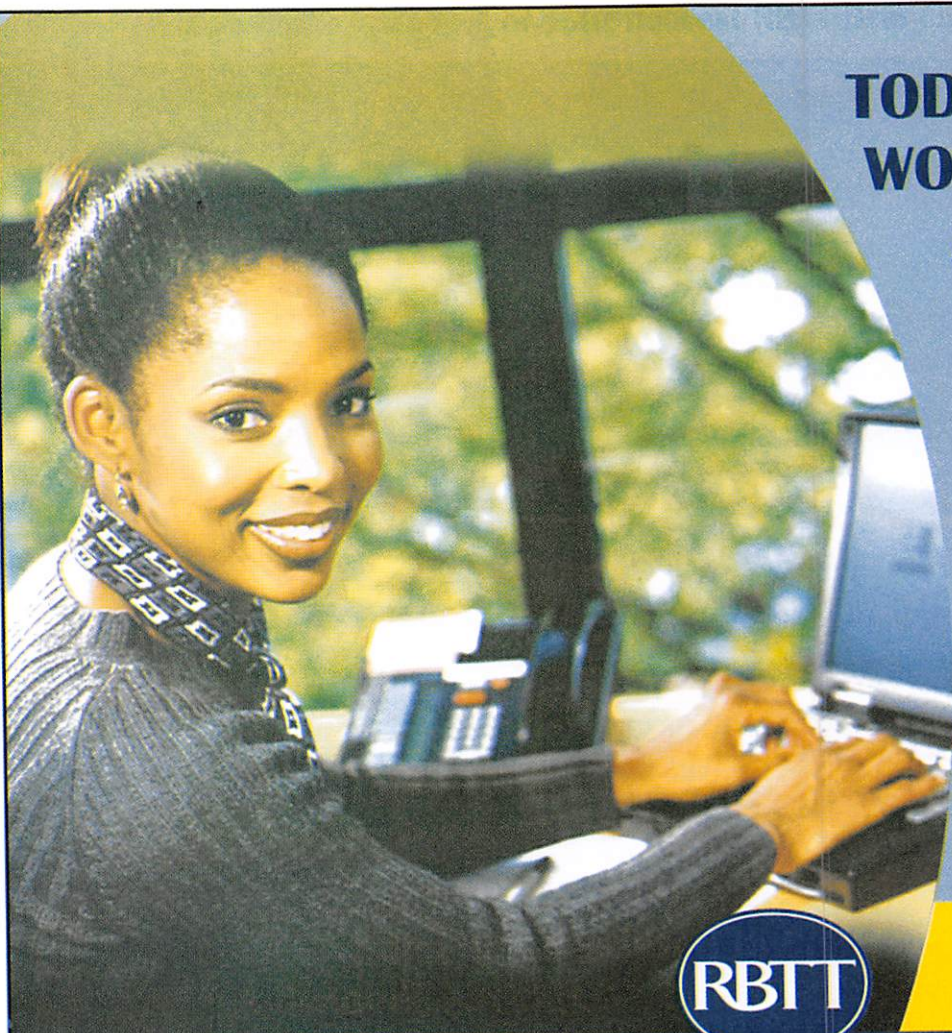
Monetary Policy

In the first few months of 2005, the Bank of Jamaica (BOJ) customized its monetary policy to accommodate surpluses in the Government's fiscal operations. The monetary policy was less restrictive than other periods, as the macro-economic environment seemed relatively stable, with strong NIR to support supply side intervention. The Bank reduced its interest rates on open market instruments by 85 basis points in the first quarter. Subsequent to that, the Government negotiated loans at rates of about 9% allowing the bank to further reduce interest rates. For the first six (6) months of 2005, the bank also reduced its special depository requirement in three stages from 5% to a final 1% which was achieved by September. The result was a reduction in reserves in excess of \$5 billion, of which the majority was reinvested in open market instruments.

Monetary policy for the 2nd quarter was conducted within a fairly stable macro-economic environment, despite higher than anticipated inflation. This factor became more severe towards the middle of the year when the local economy suffered the damaging effects of Hurricanes Dennis and

Emily. These hurricanes resulted in higher cost of agricultural products and reduced foreign currency earnings from the slowdown in tourist arrivals. In the last few months of 2005, the BOJ geared its monetary policies toward maintaining stability within the foreign exchange market.

The increased liquidity requirement, stemming from the higher oil bill, coupled with investor uncertainty in response to high domestic prices, added significant pressure on the Jamaican dollar to depreciate. The bank focused largely on preventing the pass through of foreign currency depreciation on inflation. During the last quarter however, a multifaceted approach to monetary control was used as sessions of high foreign currency demand were mixed with a seasonal upswing in local currency demand. Towards the end of the year, there was an increased foreign currency flow from tourism and increased demand of the local currency, which helped to cancel the pressure on the Jamaican dollar to depreciate. This resulted largely from higher foreign currency demand.

A woman with dark hair pulled back, wearing a dark sweater and a patterned scarf, is sitting at a desk in an office. She is looking towards the camera with a smile while her hands are on a computer keyboard. In the background, there is a computer monitor and a window showing greenery outside.

**TODAY, HER MONEY
WORKED AS HARD
AS SHE DID.**



INVESTMENT SAVINGS

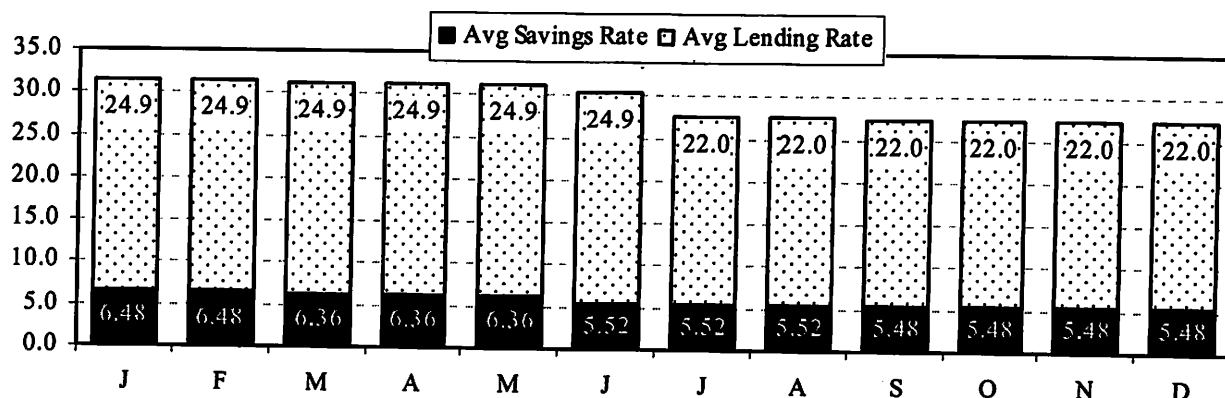
**Enjoy the benefit of higher returns in
a dynamic savings account that's ideal for you or
your company. Save more and earn higher interest daily.
That's your hard-earned money working hard for you.**



YOUR WAY AHEAD

**Call us at 960-RBTT (7288), visit the Corporate Banking Centre
or your nearest RBTT Branch.**

Figure 3: Average Lending and Savings Interest Rates for 2005



Source: Compiled by PSOJ from BOJ data

Fiscal Accounts & Debt Management

The fiscal year 2005/06 to December revealed a government deficit of \$29,158.2 million representing 4.5% of GDP. The targeted deficit was \$15,470.2 million or 2.4% of GDP. This deviation was largely attributed to the poor performance of revenue flows during the year. The increase of the GCT rate from 15% to 16.5% was expected to bring about additional revenue. This, however, has not been forthcoming, with revenues from GCT and SCT noticeably below targeted levels. Grants and Capital revenue was also less than anticipated throughout the year. The income threshold was adjusted upward in two stages for the fiscal year 2005/06, which allowed a change in the threshold from \$120,432 pa to \$169,104 pa on July 1, 2005 and \$193,440 pa on January 1, 2006.

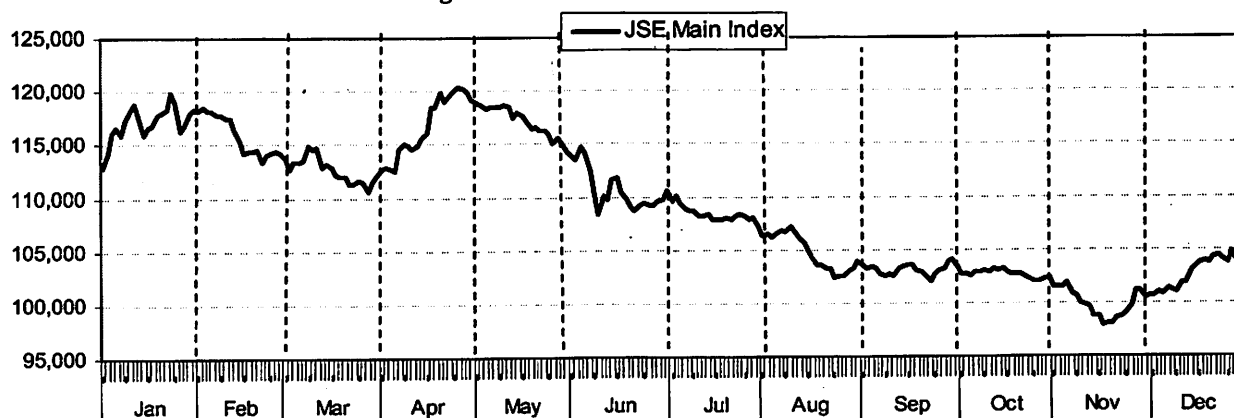
There were reduced levels of capital and recurrent expenditure during the first half of the fiscal year. In the third fiscal quarter however, expenditure slightly exceeded projections, resulting largely from the addendum to the MOU for Public Sector workers. In the first half of fiscal 2005/06 debt was financed largely through Jamaican dollar debt instruments. In the third quarter, however, the government

issued a US\$250 million Eurobond to finance its rising fiscal deficit. Throughout the year, debt financing for emerging markets offered relatively low rates on the international capital markets and was supportive of the governments' policy to secure longer term loans at competitive rates. These conditions motivated the government to issue a similar size debt in the last quarter of fiscal 05/06 at a lower rate and longer term to finance fiscal 2006/07 budget.

Stock Market

The year started off with favourable macro-economic conditions, such as low interest rates, stability within the foreign exchange market and a few undervalued stocks. January, as in previous years, recorded strong gains, accompanied by higher levels of liquidity. However, in the first quarter of 2005, the market contracted, reflecting allegations of insider trading of the Dycall stock, leading to its suspension. This placed a damper on investment activities. Also affecting the market was profit taking activities by some investors to acquire Mayberry stocks in April. The resulting IPO increased market volumes and capitalization, but profit taking persisted as the summer period approached, resulting in further contractions in market activity.

Figure 2: JSE Main Index for 2005



Source: Compiled by PSOJ from JSE data

In the second half of the year, inflationary expectations, along with increased demand and returns on foreign currency holding, provided an attractive alternative to equity investments. The negative attitude of investors toward poor performing stocks such as Mayberry, CCCL and H&L also had spill over effects on good performing stocks. Lower interest rates throughout the year resulted in poor earning reports by financial institutions and intermediaries. Earnings reported by companies from other sectors were affected by high inflation leading to lower disposable income and spending of consumers (demand side) as well as increased cost of inputs (supply side). Overall, stock market performance was disappointing for the first three quarters of 2005. An attitude of apprehensiveness prevailed among investors for most of the December quarter. Amongst institutional investors however, was the anticipation of increased earnings for the first quarter of 2006, in line with historical trends. Trades from these investors led to increased volume traded and value for the December quarter.

The JSE Main Index fell by approximately 7,678,610 points or 6.8%, to close the year at 104,510,390 points. Market Capitalization fell by \$39.44 billion or 4.5% over the 12 months and closed the year at approximately \$839.9 billion.

Outlook

GDP growth for 2006 is expected to reach 2.5%. The major improvements in the goods producing sectors are expected in those of Mining & Quarrying, Construction and Agriculture. The anticipated growth for the Mining & Quarrying Sector is 4.5%. The sector anticipates positive returns from the US\$1.3 billion investment JAMALCO expansion project in Clarendon, which is expected to double capacity upon completion in 2008. The 2006 phase should increase capacity by 150,000 tonnes, increase production capacity and provide significant employment opportunities.

In February the PIOJ estimated a 5.5% growth in the Construction sector for 2006. Subsequently however, there have been growing concerns about the impact that the distribution and recall of faulty cement by Caribbean Cement Company Limited will have on the sector. To date, there is no quantifiable estimate as to the impact of this incident, but it is anticipated that the impact will be noticeable.

The sector has, nonetheless, been geared up for growth with anticipated developments in a number of projects. The next phase of Highway 2000 is under way. A number of hotels are expected to be completed in this year also.

The refurbishment of Sabina Park and the Greenfield project should be completed in time for the 2007 Cricket World Cup. Expansion is also expected at both seaports and airports. Phase 5 of the expansion project at the Kingston Container Terminal is expected to be completed by December 2006, while the Sangster International Airport expects to meet increased demand in time for Cricket World Cup 2007 by building a new terminal to process arrivals from private jets and corporate aircrafts. STATIN estimates an overall 3.3% growth in the construction sector for 2006.

This growth rate will likely be altered if there are significant shocks to the sector, such as hurricanes and flooding. With respect to the Tourism Sector, it should reflect the increased number of rooms expected from the opening of new hotels this year. Growth in the order of 7.0% is expected in the Agriculture sector. Aggressive advertisement of the Jamaican tourism product is expected to boost tourist arrivals for the year as well.

The major performers within the Services sector for 2006 are expected to be Miscellaneous Services (including tourism), Transport, Storage & Communication, Electricity & Water and Real Estate & Business Services. The Transportation, Storage & Communication sector is expected to grow by 3.0% to reflect increased cargo and passenger movements from expansions at both sea and air ports. The NHT is expected to continue facilitating developments within the Construction and Real Estate sector and the continued expansion within the Construction sector largely reflecting new housing products should also improve electricity and water production for the year 2006■



THE COMMITTEES

One of the primary mandates of the PSOJ is advocacy. The proactive participation of members, through a number of committees, impact directly on the development of the private sector. The PSOJ continues to make meaningful representation on behalf of the private sector and would like to thank all those members who give so freely of their time to ensure that the presence and strong voice of the private sector are always maintained.

Corporate Governance:

Mr. Alastair Macbeath (Chair)	-	Mondial
Mrs. Lola Fong Wright	-	Private Sector Organisation of Jamaica
Mr. Christopher Bovell	-	DunnCox
Mr. Karl James	-	Jamaica Exporters Association
Mr. Patrick McDonald	-	Hart Muirhead Fatta
Mrs. Tracy Campbell	-	PriceWaterhouse Coopers
Ms. Greta Bogues	-	Consultant
Ms. Alicia Hussey	-	Myers Fletcher & Gordon
Ms. Anne McMorris	-	National Commercial Bank Ja. Ltd.
Mr. Garth Kiddoe	-	Institute of Chartered Accountants of Jamaica
Mr. Peter Graham	-	Jamaica Chamber of Commerce
Mr. Christian Stokes	-	National Commercial Bank Ja. Ltd.
Major Hugh Blake	-	Lascelles Demercado
Mr. John Thompson	-	J.L. Thompson & Co.
Mrs. Suzanne Goldson	-	Faculty of Law, UWI
Professor Celia D.C. Christie	-	Department Paediatrics, UWI

The PSOJ continues to play its role in promoting a good framework for corporate governance for the Jamaican environment through training and educational programmes, as well as to establish principles that will facilitate best business practices and behaviour in the private sector.

Seminars and Forums

In keeping with the committee's mandate to provide training in corporate governance, several seminars were held in collaboration with the Commonwealth Association for Corporate Governance (CACG), the Commonwealth Secretariat and the United States Agency for International development (USAID). Over the period February 21-25, 2005, two two-day workshops were held for Directors of Financial Institutions and other Directors. During this time, a Public Forum was also held, to officially present the draft PSOJ Corporate Governance Code to the business community and other stakeholders. In addition, a three day Corporate Governance Directors' Seminar was held between September 8-11, 2005, at the Sans Souci Hotel in Ocho Rios, St. Ann. Presenters at these seminars and the forum were local and international corporate governance experts, as well as representatives from the public sector, the legal, financial and academic communities.

The Local Code

Since its launch in 2004, the Local Code has been reviewed and consideration has been given to the comments and recommendations from the key players such as the Bank of Jamaica, the Financial Services Commission, the Jamaica Stock Exchange, the Minister of Finance and members of the PSQJ. Additionally, comments were also obtained from international expert bodies on corporate governance by the Commonwealth Association on Corporate Governance (CACG) and the Global Corporate Governance Forum. The committee members have spent a considerable amount of time, reviewing the various comments on the code submitted by the various stakeholders. It is expected that publicly listed companies and other companies, in particular those engaged in the financial sector, will adopt and implement the Code for annual reporting periods commencing on or after 1st January 2007.

The Regional Code

Throughout 2005, the committee continued its support for the establishment of the regional corporate governance code, being driven by the Caribbean Corporate Governance Task Force. Between March 8-9, 2005, committee members traveled to St. Kitts and participated in the 2nd Meeting of the Caribbean Corporate Governance Forum held under the theme, *"Principles of Good Governance: Forging a Caribbean Consensus on Corporate Governance."* The focus of this forum was the implementation of corporate governance reform in the Caribbean and a review of the proposed Caribbean Governance Principles formulated by the Caribbean Technical Working Group on Corporate Governance for region-wide adoption. Subsequently, a second visit was made to the Eastern Caribbean by a committee member in order to participate in the revision process to make the necessary adjustments to the draft Caribbean Principles. The outcome of this meeting was the production of a more readable and concise version of the draft principles for review by the stakeholders within the various territories, in order to finalize the document.

In an effort to educate companies on the Caribbean Principles and to assist with obtaining feedback on the document, companies with regional interests were invited to a forum on the draft Corporate Governance Principles for Caribbean Countries held on December 8, 2005 at the Secretariat. The comments received, which were scheduled to be considered at the CARICOM Heads of Government meeting in February 2006, were forwarded to the Caribbean Task Force to be included in the final version of the document.

The Hiring of a Coordinator

In July 2005, a Corporate Governance Coordinator was recruited to undertake the coordinating, researching, and administration functions necessary to drive the efforts of the committee. Two articles were written and published in the Daily Gleaner on the development of the PSQJ code and on 'Whistle blowing and ethics'.

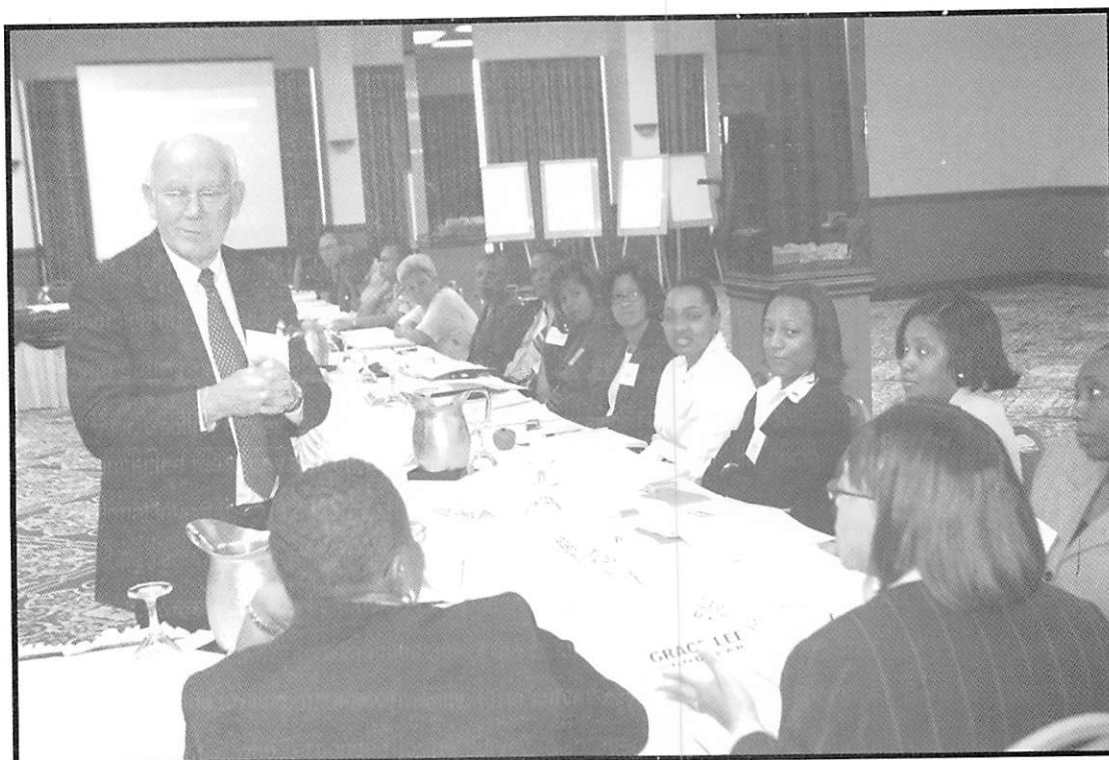
The Corporate Governance Survey 2005

The adoption of high quality corporate governance is essential for Jamaica to position itself as one of the best places in the world to do business. The PSQJ, therefore, conducted a comprehensive survey on Corporate Governance practices in Jamaica in order to ascertain the level of awareness of corporate governance principles, the extent to which those principles are being implemented and whether there is a sense of commitment to them.

The target groups included listed private companies, particularly, those in the financial sector, PSOJ members, government owned companies, institutional investors and minority shareholders.

The 2005 Corporate Governance Survey provided validation for the PSOJ's campaign to improve and standardize the corporate governance practices in Jamaica. Approximately 83% of the companies responding to the survey have demonstrated knowledge of the PSOJ's proposed code on corporate governance. The survey also highlighted the fact that a significant number of directors and senior managers of firms, who responded to the survey, also attended the PSOJ's corporate governance workshops. CNT Global Limited was the marketing consultant contracted to undertake the survey. The questionnaire was jointly developed by the Coordinator, the committee members and the marketing consultant.

Corporate governance remains high on our agenda and we are committed to the development and maintenance of an effective corporate governance system which will encourage market confidence, strengthen trust and enhance the decision-making process companies. We will continue to build a sound foundation of corporate governance for Jamaica, as well as continue to inculcate a spirit of transparency and a culture of accountability to ensure that Jamaica attracts and maintains a robust business and investment environment ■



Course Facilitator, Geoff Bowes, CEO of the Commonwealth Association for Corporate Governance (CACG), addresses participants at Corporate Governance Seminar held in February 2005.

Economic Policy Committee (EPC)

Mr. Colin Steele (Chair)	-	Consultant
Mr. Richard Chen	-	Super Plus Food Stores
Dr. Nigel Clarke	-	Facey Commodity Company Ltd.
Mr. Keith Collister	-	Consultant
Mr. Drum Drummond	-	Cowan Dunkley Cowan
Ms. Monique French	-	Citibank Jamaica
Mr. Mark Golding	-	Hart Muirhead Fatta
Mr. David Hall	-	Digicel
Dr. Wesley Hughes	-	Planning Institute Of Jamaica
Ms. Muna Issa	-	SuperClubs
Dr. Damien King	-	University of the West Indies
Mrs. Audrey Marks-Dunstan	-	Paymaster Limited
Mr. Michael McMorris	-	Consultant
Mrs. Marlene Parker	-	Private Sector Organisation of Jamaica
Mr. Paul Scott	-	Mussons Jamaica Ltd.
Mr. William Tatham	-	Port Authority of Jamaica
Mr. Robert Wynter	-	Growth Facilitators
Ms. Ann-Dawn Young Sang	-	GTECH Limited

Main Highlights:

At the beginning of the year, the EPC joined forces with the PSJO Officers in drafting an initial response to the Tax Reform Committee. Recommendations made included:

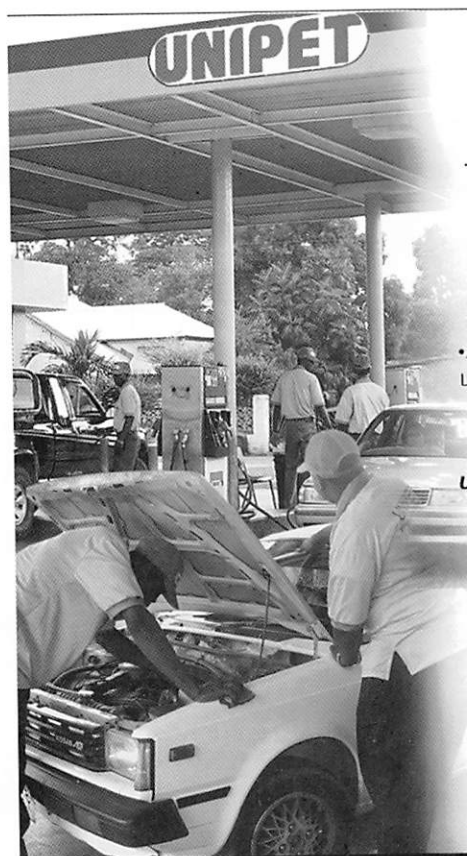
- The reduction of the SCT
- The increase of GCT from 15% to 16%
- Implementation of non tax status for capital gains
- HEART and Education taxes be merged.
- Implementation of group relief for corporate income taxes

In continued dialogue, the EPC examined issues pertaining to tax reform, the government budget decisions; as well as issues pertaining to Air Jamaica. It was suggested that postponing the tax adjustment in April could reduce risks associated with the ability to maintain fiscal targets. On the contrary however, it was indicated that vital momentum would be lost if there was any delay in implementation.

During the year, the committee held that the corporate tax proposal should be reversed and that the GCT reclassification programme would likely result in inflation. As it pertains to fiscal reclassification, the EPC recommended that divestments be used as one medium to achieving fiscal targets. There was also concern about the wide spread in interest rates, for which the committee recommended credit enhancements, reduction of fiscal deficit and greater competition from overseas lending institutions.

The committee kept an eye on the MoU and was concerned about the likely impact it would have on the public sector wage bill after its expiration in 2006. The EPC saw it necessary to lobby for increased transparency and accountability in the public sector especially as it relates to expenditure allocation. It was suggested that government allow the opposition to nominate two members to the board of each statutory agency. There was also the common view that the proposed construction of a Cricket Stadium in Trelawny was financially unsustainable as reported in a number of studies.

Commenting on the use of possible spin-offs from the revised tax structure, the EPC recommended that priority be given to the fight against crime and violence in the government's resource allocation. The committee placed emphasis on investigative methods, intelligence gathering and community policing.




"GETTING AROUND"

...can be easy when you know you are in capable hands at UNIPET.

We take the time and effort to keep your vehicles in optimum condition, using quality products matched with unbeatable service!

- Ask for our NEW LINE of QUALITY LUBRICANTS at competitive prices!
- Contact or visit our Head Office or island-wide locations.

COMING SOON!...another Unipet Station for St. Catherine.



UNITED PETROLEUM (JA.) LIMITED

968-5553-5 • Fax: 926-4336
50 Lyndhurst Rd., Kgn. 5

LOCATIONS:

- KINGSTON • ST. ANDREW • ST. THOMAS • ST. MARY • ST. ANN
- ST. CATHERINE • ST. ELIZABETH • MANCHESTER

SYMBOL OF SERVICE AND QUALITY!

PSOJ/Cable & Wireless Job Creation Awards



AWARDEES – SEPTEMBER 2005

l-r: Cliff Hughes, Nationwide News Network, Guest Speaker, Peter Moses, Citigroup, Beverley Lopez, PSOJ President, Christopher Reckord, Innovative Corporate Solutions Company Limited, Brenda Cuthbert, City of Kingston Co-Operative Credit Union Limited, and Camille Facey of Cable & Wireless Jamaica Ltd.

The PSOJ/ Cable and Wireless Job Creation Awards was launched in January 2002 to recognize companies which have created at least twenty-five jobs in the previous six months. Starting in July 2002, a Small Business Job Creation Award was also developed for small business entities, which through their own personal investment, created at least five new jobs in the previous six months. The first phase of these awards culminated in January 2003, with forty-two companies being presented with Job Creation Award plaques, including eight small business awardees.

The Job Creation Awards Phase 2 (2003-2004) presented awards to thirty two (32) large companies and sixteen (16) small business awards were made.

The Job Creation Awards Phase 3 (2004-2005) presented awards to twenty-two large companies as well as fifteen small business awards as at January 2005.

Starting in May 2004, awards were presented to companies that have been providing employment for a period surpassing 70 years, with fourteen of these awards being presented. This new award complements the Job Creation Awards by selecting and honouring long-established businesses that have withstood the economic challenges and have been providing jobs. This award has emphasized Cable and Wireless' support for the business sector, not only in the area of job creation but also in that of job retention.



The Job Creation Awards Phase 4 (2005- 2006) presented awards to seventeen companies, six to small businesses and four *70 plus* years category.

Since September 2005, the criterion for the awards has been slightly modified. The time period within which to recognize the new jobs created was extended from *six to twelve months which allows for more companies to be recognized*. Also the criterion for honouring long-established businesses moved from *70 plus to 40 plus years*. A total of eight (8) companies have received this award.

During the four month period October 2005 to January 2006, the breakfast awards event provided a special platform for the various candidates contending for the People's National Party's (PNP) leadership. A noted feature of this series was a small panel comprising leading business executives and academics, who posed questions to each candidate after his or her presentation. These fora provided an important opportunity for the candidates to share their thoughts with the private sector, the media and the public at large.

The Private Sector Organisation of Jamaica and Cable and Wireless Jamaica Limited, are proud of the success of the award initiative, as they provide the opportunity to acknowledge entrepreneurship which is critical to national development■



Information Technology Committee (ITC):

Mr. Maurice McNaughton (Chair)	-	Jamaica Public Service Co. Ltd.
Mr. Mervyn Eyre	-	FUJITSU Transaction Solutions (Ja.) Ltd.
Mr. Courtland Soares	-	Advanced Digital Services Ltd.
Mr. Wendell Smith	-	Jamaica National Building Society
Mr. Mike Duquesnay	-	CITO (Central Information & Tech. Office)
Mr. Richard Humphreys	-	Technology Managed Services
Mr. Chris Hayman	-	DIGICEL
Mrs. Georgia Gibson-Henlin	-	Nunes Scholefield, DeLeon & Co.
Mr. Chukwuemeka Cameron	-	Legal and Regulatory Advisor
Mr. Nicholas Browne	-	GTECH Jamaica
Ms. Sharon Colquhoun	-	Bank of Nova Scotia
Mr. Claude Duncan	-	IBM World Trade
Mr. Neil Grant	-	Illuminat (Jamaica) Ltd.
Mr. Dale Lurch	-	Lascelles deMercado & Co. Ltd.
Mr. Andrew Pairman	-	Anbell Group
Mr. Robert Richards	-	Lan Integrators Ltd.
Mr. Dobby Spencer	-	Cable & Wireless (Ja.) Ltd.
Ms. Lorna Green	-	Digital Transtec Limited
Mr. Joseph McKinson	-	MICROSOFT
Mr. Colin Webster	-	Oceanic Digital Jamaica (MI-PHONE)

The ICT Committee welcomed a meeting with the Hon. Phillip Paulwell - Minister of Commerce, Science & Technology in March 2005. In a wide-ranging presentation that was well received, the Minister advocated for a much stronger and more active lobby from the private sector in relation to ICT issues. He referred to the active roles played by other interest groups such as the Jamaica Manufacturers Association and the Bankers Association and was of the view that the ICT sector representation was somewhat fragmented in its approach. He was optimistic that the Committee could be a catalyst in establishing the kind of private sector partnership and leadership that was required to facilitate the growth of the ICT sector.

This perspective echoed our own mandate and the committee found itself with several opportunities over the course of the past year to enhance the dialogue with the then Ministry of Commerce, Science and Technology and make a value-added contribution to several important areas of dialogue and development in the sector. These include consultation on the following areas of ICT legislation and other initiatives:

- (a) Draft Bill - eTransaction Legislation
- (b) Review of the Legal, Institutional and Regulatory Framework for the Telecommunications Sector and Recommendations for Reform
- (c) e-Learning Project
- (d) Broadband Initiatives

Unfortunately, while there have been active discussions and debate in several of these areas, we have not been able to initiate any substantial, tangible response to the various stakeholders. There continues to be a strong conviction on the part of the core membership, that the original rationale for assembling such a committee continues to be legitimate and compelling and it is far too important a concept and vehicle, with the potential to create value both within the sector and nationally, as a principle, for it to be



disbanded. At the beginning of 2006, we will need to make some decisions and a concerted effort to revitalize the committee, perhaps taking a somewhat different approach to its organization, constitution and modus operandi.

Immediate goals for the first half of 2006 include:

1. Re-constitution of the committee membership
2. Transition to new chairman (nominal 2-year tenure to be adopted)
4. Establish new modus operandi
5. Complete the four carry-over issues from 2005 (listed above)

Education Committee:

Mrs. Marie Hitchins (Chair)	-	Fabric Consultants Limited
Dr. Ben Henry	-	Sandals Resorts International Ltd.
Ms. Melverine Hemming	-	Red Stripe
Mrs. Sheliah Garcia-Bisnott	-	MRC Learning Centre
Mr. Linton Smith	-	Profitable Corporate Solutions
Mrs. Jem Woolery-Davis	-	Consultant
Dr. Lloyd Eubank-Green	-	Lloyd Eubank-Green & Associates
Mrs. Alethea Wint	-	Digicel
Mrs. Doreen Muir-Faulkner	-	Consultant
Ms. Brigitte McDonald-Levy	-	Consultant
Ms. Lorraine Marshall	-	HiLo Food Stores Jamaica Ltd.
Mrs. Patricia Sutherland	-	Jamaica Venture Fund
Ms. Taitu Heron	-	Lecturer, UWI.

Vision

The development of an education system that is appropriate and relevant to facilitate young people optimizing their potential, achieving self-actualization, earning a living and becoming productive citizens of Jamaica and the global community.

Mission

To position the PSQJ as a committed advocate for an effective education system that provides benefits for all stakeholders. Having invested many hours of work in 2004 in the deliberations of the Task Force on Education, the main area of focus for 2005 in the Early Childhood Sector was as follows:

- Review of the Task Force Report on Education and subsequent PSQJ Education Committee recommendations for changes and prioritization.
- Participation in the development of a National Plan of Action for the Early Childhood Programme 2002-2006
- Participation in the development of a Corporate Plan for the Early Childhood Commission (ECC)
- Participation in the drafting of the Child Advocate's Pledge
- Participation on the National Council of Education in its role as key policy advisor to the Minister of Education

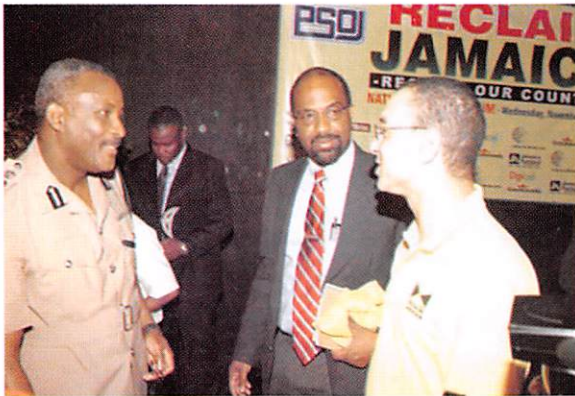
The committee is happy to advise that much progress has been made in the establishment of the Early Childhood Commission and the implementation of some of its recommendations. The Task Force Report on Education recommended that the Early Childhood Unit in the Ministry of Education be transferred to the ECC. However, this has not yet occurred and we anxiously await that implementation.

Overall, the Education Committee continued its efforts to influence and monitor policies and legislative issues relating to education, skills acquisition and employability.

THE PSOJ IN ACTION – 2005



Dr. Marshall Hall, CD, the Private Sector 2004 Hall of Fame Awardee being presented with his citation by PSOJ President, Beverley Lopez at the Annual Hall of Fame Banquet held in October 2005.



PSOJ Crime Forum – Reclaim Jamaica November 2005. PSOJ Officers, Earl Jarrett and Don Wehby share a thought with Commissioner of Police, Lucius Thomas.



PSOJ President, supported by other business associations, speaks at the Stand for Jamaica Rally held at Emancipation Park in May 2005.



(left) PSOJ President, Beverley Lopez greets attendees at Youth Biz Seminar hosted by the PSOJ in June 2005.



Members' Christmas Luncheon held at the Jamaica Pegasus Hotel in December 2005.

(L-R) PSOJ CEO, Lola Fong Wright; Minister of Finance & Public Credit – Mexico, His Excellency Francisco Gil Diaz; PSOJ President, Beverley Lopez; Audley Shaw, Opposition Spokesman on Finance; Capital & Credit's Ryland Campbell and Dr. Wesley Hughes of the Planning Institute of Jamaica. (In the background) looking on is William Clarke of the Bank of Nova Scotia Jamaica Ltd.



Participants at the Corporate Governance Seminar held in September 2005.



Energy Committee:

Mr. Brian McFarlane (Chair)	-	Esso Standard Oil SA Ltd.
Mr. Luc Maiche (Vice Chair)	-	Total Jamaica Ltd.
Mr. Dave Sterling	-	Texaco Caribbean Inc.
Mrs. Carmen Chen	-	United Petroleum (Ja.) Ltd. (UNIPET)
Mr. Neville Marsh	-	Epping Oil Co. Ltd.
Mr. Imtiaz Rahaman	-	Industrial Gases Limited
Mrs. Norma Russell	-	Jampet Services

During 2005, the Committee continued its efforts to promote harmony, safety and protection and improvement of the environment within the industry, as well as providing an avenue for the recognition of players in the industry, who continuously exemplify high levels of safety, by organizing and participating in wide-ranging activities in furtherance of these causes.

The Committee collaborated with the Ministry of Commerce, Science and Technology, as well as other government agencies, in activities to achieve these objectives, as well as improving the quality of service to the motoring public.

The Sixth Annual Petroleum Safety Awards Programme was organized by the PSOJ Energy Committee, in collaboration with the Energy Monitoring Division of the Ministry of Commerce, Science and Technology (with Energy). The Programme started with a very successful and well attended Industry Training Seminar which was held at the Jamaica Conference Centre on April 6, 2005. Following a period of assessment of the industry players, the activities culminated with the Safety Awards Function held on June 6, 2005. Awards were made to the Tanker Wagon Drivers, Service Station Attendants, LPG Drivers and Filling Plant Attendants as well as Marketing Companies. Shell Company W.I. Ltd. received the award for being the "Most Safety Aware Marketing Company" for the period under review.

The Energy Committee amended the proposed Guidelines for the Petroleum Industry and this was transmitted to Minister Phillip Paulwell and feedback is awaited from the Minister regarding this document.

The promotion of Safety, Health and Environmental standards is always high on the agenda of the Committee, which is seeking to develop and making recommendations to the relevant authorities regarding ways in which the administrative procedures of the regulatory bodies in the petroleum industry can be improved.

Some changes in leadership were made during the year under review. Mr. A. D. Hobbins succeeded Mr. Mario Vulinovich as Chairman in early 2005. Shortly thereafter, Mr. Hobbins went on retirement from Unipet and, therefore, resigned as Chairman. Mr. Michael Chen also demitted office as Vice-Chairman, as he was no longer employed to Texaco Caribbean Inc. These positions were filled by Mr. Brian McFarlane of Esso Standard Oil, who took over as Chair, whilst Mr. Luc Maiche filled the position of Vice Chair.

The Committee thanks Messrs. Hobbins and Chen for their leadership and contribution to the PSOJ Energy Committee.■

ADDITIONAL COMMENTS OF AUDITORS

To the Board of Directors of the Private Sector Organisation of Jamaica and its Subsidiary

The accompanying page is presented as management information only. In this respect, it does not form part of the financial statements of The Private Sector Organisation of Jamaica and its Subsidiary for the year ended 31 December 2005 and hence is excluded from the opinion expressed in our report to the Members on such financial statements. The information on this page has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the Organisation and, in our opinion, is fairly presented in all respects material to those financial statements.

Chartered Accountants
Kingston, Jamaica

31 August 2006

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Index to Management Information

Year ended 31 December 2005

(Expressed in Jamaican Dollars)

	Page
Additional Comments of Auditors	1
General and Administrative Expenses	2

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

General and Administrative Expenses
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Advertising	248	36	248	36
Auditors' remuneration - current year	434	370	350	300
- prior years	-	187	-	187
Bad debts	299	1,775	299	1,775
Depreciation	1,262	1,011	1,196	946
General expenses	2,181	(598)	2,173	571
Insurance	163	127	163	127
Meetings and luncheon	1,721	1,872	1,721	1,872
Miscellaneous	-	60	-	60
Job creation expenses	654	633	654	633
Professional services	720	986	626	986
Registration fees	12	12	-	12
Publications	175	433	175	433
Donations and subscriptions	355	128	355	128
Repairs and maintenance	245	189	245	189
Staff costs	14,307	13,360	14,307	13,360
Stationery	469	509	469	509
Travelling and entertainment	249	527	249	527
Utilities	1,744	1,816	1,744	1,816
Seminars	-	940	-	940
Security expenses	312	182	312	182
Property tax	42	30	26	9
Amortisation of discount on issue of debentures	-	6	-	-
Amortisation of premium on redemption of debentures	7	7	-	-
Rent	-	-	1,284	1,284
	<u>25,599</u>	<u>24,598</u>	<u>26,596</u>	<u>26,882</u>

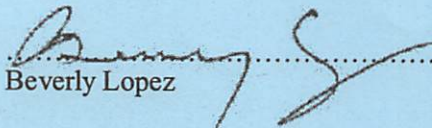
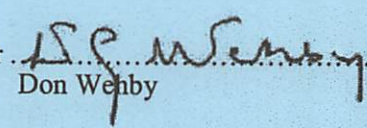
THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Consolidated Balance Sheet
As at 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
EQUITY AND LIABILITIES			
Equity			
Share capital		-	-
Capital reserve	9	12,879	11,166
Fair value reserve		(37)	(36)
Accumulated losses		(6,001)	(1,863)
		<u>6,841</u>	<u>9,267</u>
Non-current liabilities			
Special project funds	10	7,955	10,108
Long-term liabilities	12	444	616
Finance lease obligations	13	-	168
		<u>8,399</u>	<u>10,892</u>
Current liabilities			
Payables and accruals	14	8,783	5,560
Subscriptions received in advance		2,685	5,282
Current portion of long-term liabilities	12	172	-
Current portion of finance lease obligations	13	86	215
		<u>11,726</u>	<u>11,057</u>
TOTAL EQUITY AND LIABILITIES		<u><u>26,966</u></u>	<u><u>31,216</u></u>

The accompanying notes form an integral part of these financial statements.

On 31 August 2006, the Board of Directors authorised these financial statements for issue.

 Director
  Director
 Beverly Lopez Don Wenby

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Consolidated Balance Sheet
As at 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,703	10,998
Premium on redemption of debentures	5	21	28
Investments	6	3	4
Deferred tax asset	21	3,165	1,942
		<u>14,892</u>	<u>12,972</u>
Current assets			
Receivables and prepayments	7	1,870	1,214
Tax recoverable	10	1,916	1,621
Cash and cash equivalents	8	8,288	15,409
		<u>12,074</u>	<u>18,244</u>
TOTAL ASSETS		<u><u>26,966</u></u>	<u><u>31,216</u></u>

The accompanying notes form an integral part of these financial statements.

On 31 August 2006, the Board of Directors authorised these financial statements for issue.

Director
Don Weirby

Beverly Lopez

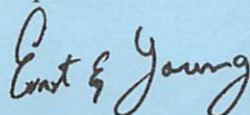
INDEPENDENT AUDITORS' REPORT

To the Members of the Private Sector Organisation of Jamaica and its Subsidiary

We have audited the accompanying balance sheet of The Private Sector Organisation of Jamaica and its Subsidiary ("the Group") as of 31 December 2005 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and the balance sheet of the Private Sector Organisation of Jamaica (the "Organisation") as of 31 December 2005 and the related statements of income, changes in equity and cash flows for the year then ended and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the Group's and the Organisation's affairs as at 31 December 2005 and of the results of operations, changes in equity and cash flows for the Group and the Organisation for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.



Chartered Accountants
Kingston, Jamaica

31 August 2006

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Index to the Financial Statements

Year ended 31 December 2005

(Expressed in Jamaican Dollars)

	Page
Independent Auditors' Report	1
Consolidated Balance Sheet	2 - 3
Consolidated Statement of Income	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Organisation Balance Sheet	7 - 8
Organisation Statement of Income	9
Organisation Statement of Changes in Equity	10
Organisation Statement of Cash Flows	11
Notes to the Financial Statements	12 - 26

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Consolidated Statement of Income
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
Revenue			
Subscriptions and contributions		10,646	12,186
Other income	15	8,674	8,872
		<hr/>	<hr/>
Administrative expenses		19,320 (25,599)	21,058 (24,598)
Operating loss		<hr/> (6,279)	<hr/> (3,540)
Finance income, net	16	918	1,398
Loss before taxation	17	<hr/> (5,361)	<hr/> (2,142)
Taxation	21	1,223	880
Net loss for the year		<hr/> (4,138)	<hr/> (1,262)

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Consolidated Statement of Changes in Equity
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	Capital reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 December 2003	9,862	(35)	(601)	9,226
Fair value adjustment – investments	-	(1)	-	(1)
Net loss for the year	-	-	(1,262)	(1,262)
Debenture debt forgiveness	172	-	-	172
Cash donations received to purchase capital equipment	1,132	-	-	1,132
Balance at 31 December 2004	11,166	(36)	(1,863)	9,267
Net loss for the year	-	-	(4,138)	(4,138)
Fair value adjustment – investments	-	(1)	-	(1)
Cash donations received to purchase capital equipment	1,713	-	-	1,713
Balance at 31 December 2005	12,879	(37)	(6,001)	6,841

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Consolidated Statement of Cash Flows
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	2005 \$'000	2004 \$'000
Cash flows from operating activities		
Loss before taxation	(5,361)	(2,142)
Adjustments for:		
Depreciation	1,262	1,011
Amortisation of discount on issue of debentures	-	6
Amortisation of premium on redemption of debentures	7	7
Interest income	(1,143)	(1,474)
Interest expense	145	114
	(5,090)	(2,478)
Changes in non-cash working capital components:		
(Increase) decrease in receivables and prepayments	(727)	1,508
Increase (decrease) in payables and accruals	3,223	(653)
Decrease in subscriptions received in advance	(2,597)	(735)
	(5,191)	(2,358)
Taxation paid	(295)	(352)
Net cash used in operating activities	(5,486)	(2,710)
Cash flows from investing activities		
Proceeds of sale in investments	-	333
Purchase of property, plant and equipment	(1,967)	(1,541)
Interest received	1,214	1,476
Net cash (used in) provided by investing activities	(753)	268
Cash flows from financing activities		
Cash donations received to purchase capital equipment	1,713	1,132
Special project funds	(2,153)	9,387
Repayment of finance lease obligations	(297)	(204)
Interest paid	(145)	(114)
Net cash (used in) provided by financing activities	(882)	10,201
Net (decrease) increase in cash and cash equivalents	(7,121)	7,759
Cash and cash equivalents at the beginning of the year	15,409	7,650
Cash and cash equivalents at the end of the year	8,288	15,409

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Organisation Balance Sheet
As at 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,882	9,111
Investments	6	3	4
Investment in Subsidiary		65	65
Deferred tax asset	21	2,886	1,691
		<u>12,836</u>	<u>10,871</u>
Current assets			
Receivables and prepayments	7	1,870	1,214
Tax recoverable		1,902	1,607
Cash and cash equivalents	8	8,281	15,402
		<u>12,053</u>	<u>18,223</u>
TOTAL ASSETS		<u><u>24,889</u></u>	<u><u>29,094</u></u>

The accompanying notes form an integral part of these financial statements.

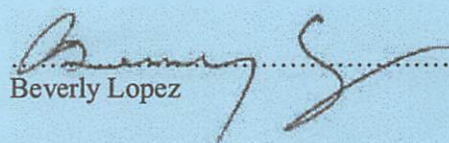
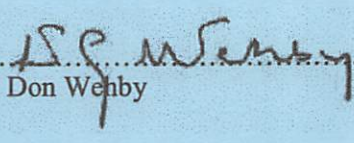
THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Organisation Balance Sheet
As at 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
EQUITY AND LIABILITIES			
Equity			
Capital reserve	9	11,324	9,611
Fair value reserve		(37)	(36)
Accumulated losses		(6,091)	(2,032)
		5,196	7,543
Non-current liabilities			
Special project funds	10	7,955	10,108
Due to Subsidiary	11	661	613
Finance lease obligations	13	-	168
		8,616	10,889
Current liabilities			
Payables and accruals	14	8,306	5,165
Subscriptions received in advance		2,685	5,282
Current portion of finance lease obligations	13	86	215
		11,077	10,662
TOTAL EQUITY AND LIABILITIES		24,889	29,094

The accompanying notes form an integral part of these financial statements.

On 31 August 2006, the Board of Directors authorised these financial statements for issue.

 Director
  Director
 Beverly Lopez Don Wenby

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Organisation Statement of Income
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	Notes	2005 \$'000	2004 \$'000
Revenue			
Subscriptions and contributions		10,646	12,186
Other income	15	9,778	11,260
		<hr/>	<hr/>
Administrative expenses		20,424	23,446
		(26,596)	(26,882)
		<hr/>	<hr/>
Operating loss		(6,172)	(3,436)
		<hr/>	<hr/>
Finance income, net	16	918	1,398
		<hr/>	<hr/>
Loss before taxation	17	(5,254)	(2,038)
		<hr/>	<hr/>
Taxation	21	1,195	850
		<hr/>	<hr/>
Net loss for the year		(4,059)	(1,188)
		<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Organisation Statement of Changes in Equity
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	Capital reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 December 2003	8,479	(35)	(844)	7,600
Fair value adjustment – investments	-	(1)	-	(1)
Net loss for the year	-	-	(1,188)	(1,188)
Cash donations received to purchase capital equipment	1,132	-	-	1,132
Balance at 31 December 2004	9,611	(36)	(2,032)	7,543
Net loss for the year	-	-	(4,059)	(4,059)
Fair value adjustment – investments	-	(1)	-	(1)
Cash donations received to purchase capital equipment	1,713	-	-	1,713
Balance at 31 December 2005	11,324	(37)	(6,091)	5,196

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Organisation Statement of Cash Flows
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

	2005 \$'000	2004 \$'000
Cash flows from operating activities		
Loss for the year	(5,254)	(2,038)
Adjustments for:		
Depreciation	1,196	946
Interest income	(1,143)	(1,474)
Interest expense	145	114
	(5,056)	(2,452)
Changes in non-cash working capital components:		
(Increase) decrease in receivables and prepayments	(727)	1,508
Increase (decrease) in payables and accruals	3,141	(707)
Decrease in subscriptions received in advance	(2,597)	(735)
Increase in due to Subsidiary	48	26
	(5,191)	(2,360)
Taxation paid	(295)	(350)
Net cash used in operating activities	(5,486)	(2,710)
Cash flows from investing activities		
Proceeds of sale in investments	-	333
Purchase of property, plant and equipment	(1,967)	(1,541)
Interest received	1,214	1,476
Net cash (used in) provided by investing activities	(753)	268
Cash flows from financing activities		
Cash donations received to purchase capital equipment	1,713	1,132
Special project funds	(2,153)	9,387
Repayment of finance lease obligations	(297)	(204)
Interest paid	(145)	(114)
Net cash (used in) provided by financing activities	(882)	10,201
Net (decrease) increase in cash and cash equivalents	(7,121)	7,759
Cash and cash equivalents at the beginning of the year	15,402	7,643
Cash and cash equivalents at the end of the year	8,281	15,402

The accompanying notes form an integral part of these financial statements.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

1. Corporate information

The Private Sector Organisation of Jamaica (the "Organisation") and its wholly owned Subsidiary, The Private Sector Organisation of Jamaica (Holdings) Limited, are incorporated under the laws of Jamaica. The Organisation is limited by guarantee and does not have a share capital. The liability of each member, in the event of a winding up, is limited to \$2.

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

By order of the relevant Minister of Production, Mining and Commerce, on the 9th December 1992, the Organisation was authorized under Section 20 of the Companies Act to omit the word "Limited" from its name.

The registered office of the Organisation is located at 39 Hope Road, Kingston 10.

2. Significant accounting policies

The most significant policies are summarised below:

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are prepared under the historical cost convention.

The Organisation has adopted all the new and revised accounting standards and interpretations to existing accounting standards that are mandatory for annual accounting periods beginning on or after 1 January 2005 and which are relevant to the Organisation's operations. The following revised accounting standards were adopted:

- IAS 1 – Presentation of financial statements
- IAS 8 – Accounting policies, changes in accounting estimates and errors
- IAS 10 – Events after the balance sheet date
- IAS 16 – Property, plant and equipment
- IAS 24 – Related party disclosures
- IAS 27 – Consolidation and separate financial statements
- IAS 32 – Financial instruments: Presentation
- IAS 36 – Impairment of assets
- IAS 39 – Financial instruments: Recognition and measurement

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements

Year ended 31 December 2005

(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

The adoption of these revised accounting standards has had no material effect on the Organisation's accounting policies.

b) Basis of consolidation

These financial statements present the results of the operations and financial position of the Organisation and its wholly owned Subsidiary, The Private Sector Organisation of Jamaica (Holdings) Limited (the "Group").

c) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment in value.

Depreciation is provided on property, plant and equipment at rates calculated to write off their cost on the straight-line basis over the period of their expected useful lives. Useful lives applied in these financial statements are:

Freehold building	40 years
Furniture, fixtures and equipment	5 - 10 years

Land is not depreciated.

d) Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities and transactions denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the transaction. Exchange differences on foreign currency translations are recognised in the statement of income. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

e) Investments

Investments are classified as available for sale securities and originated loans. Management determines the appropriate classification of investments at the time of purchase and re-evaluates such designation on a periodic basis.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

e) Investments (continued)

Available for sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates or market prices. These investments are initially recognised at cost, which includes transaction cost and subsequently remeasured at fair value, based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in fair value of available for sale securities are recognised in equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in equity are transferred to the statement of income.

Investments held under repurchase agreements are classified as originated loans. They are initially recorded at cost which is the consideration given to originate the debt, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

f) Financial instruments

Financial instruments carried on the balance sheet include investments, cash and cash equivalents, short-term deposits, receivables, long-term liabilities, related company balances and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Group's and the Organisation's financial instruments are discussed in Note 22.

g) Employee benefits

The Group has a defined contribution pension scheme for all permanent employees, which is managed by an outside agency. The Group's liability is limited to its contributions which are accounted for on the accrual basis and charged to the statement of income account in the period to which they relate.

h) Revenue recognition

Subscriptions are recognised when received.

Rental and interest income are recognised as they are accrued unless collectability is in doubt.

i) Accounts receivable and payables

Accounts receivable are carried at anticipated realisable value. A provision is made for doubtful receivables based on a review of outstanding amounts at the year end.

Accounts payable which are normally settled on 30 to 90 days terms are recorded at amounts representing the fair value of the consideration to be paid in the future for goods and services received by the balance sheet date, whether or not billed.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and deposits held with financial institutions with maturity dates of less than three months.

k) Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

l) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, they represent balances for interest expense and interest paid in the statement of cash flows for the Group and the Organisation.

m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an out-flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is charged to the statement of income net of any reimbursement.

n) Special project funds

Funds designated for special projects are credited to a Special Project Funds Account. Approved project expenses are charged against these funds.

o) Capital donations

Donations of property, plant and equipment are valued at cost at the time of receipt and are credited to capital reserve.

p) Taxation

Taxation charge is based on the results for the year as adjusted for items, which are non-assessable or disallowed. The taxation charge is calculated using the tax rate in effect at the balance sheet date.

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements

Year ended 31 December 2005

(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

p) Taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

3. Related party transactions

a) Transactions between the Organisation and its Subsidiary:

	2005 \$'000	2004 \$'000
Management fees received from subsidiary	(1,104)	(1,104)
Rental paid to subsidiary	1,284	1,284

b) Compensation of directors and key management personnel:

	2005 \$'000	2004 \$'000
Directors' fees	-	-
Short-term employee benefits	6,168	6,061

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

4. Property, plant and equipment

The Group

	Freehold land \$'000	Freehold buildings \$'000	Leasehold improvements \$'000	Furniture and equipment \$'000	Total \$'000
Cost					
1 January 2005	389	2,625	4,164	9,086	16,264
Additions	-	-	587	1,380	1,967
31 December 2005	389	2,625	4,751	10,466	18,231
Accumulated depreciation					
1 January 2005	-	1,127	197	3,942	5,266
Charge for the year	-	66	111	1,085	1,262
31 December 2005	-	1,193	308	5,027	6,528
Net book value					
31 December 2005	389	1,432	4,443	5,439	11,703
31 December 2004	389	1,498	3,967	5,144	10,998

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

4. Property, plant and equipment (continued)

The Organisation

	Leasehold improvements \$'000	Furniture and equipment \$'000	Total \$'000
Cost			
1 January 2005	4,164	8,936	13,100
Additions	587	1,380	1,967
31 December 2005	4,751	10,316	15,067
Accumulated depreciation			
1 January 2005	197	3,792	3,989
Charge for the year	111	1,085	1,196
31 December 2005	308	4,877	5,185
Net book value			
31 December 2005	4,443	5,439	9,882
31 December 2004	3,967	5,144	9,111

Items of equipment amounting to \$587,000 for the Group and the Organisation were acquired in 2004 under a finance lease (Note 13).

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

5. Premium on redemption of debentures

This represents the premium on redemption of the second mortgage debenture stock, being amortised on the straight line basis at 5% per annum.

6. Investments

Investments consist of the following:

	Group and Organisation	
	2005	2004
	\$'000	\$'000
Available for sale:		
Quoted stocks – Ciboney Group Limited	1,196	1,196

7. Receivables and prepayments

Receivables and prepayments consist of the following:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Receivables	1,696	956	1,696	956
Prepayments	174	258	174	258
	<u>1,870</u>	<u>1,214</u>	<u>1,870</u>	<u>1,214</u>

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Short-term investments	6,582	13,419	6,582	13,419
Cash at bank	1,706	1,990	1,699	1,983
	<u>8,288</u>	<u>15,409</u>	<u>8,281</u>	<u>15,402</u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

9. Capital reserve

Capital reserve consists of the following:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Capital grants	9,790	8,077	8,407	6,694
Gain on sale of investments	2,917	2,917	2,917	2,917
Debenture loan forgiveness	172	172	-	-
	<u>12,879</u>	<u>11,166</u>	<u>11,324</u>	<u>9,611</u>

10. Special project funds

Special project funds consist of the following:

	Group and Organisation	
	2005	2004
	\$'000	\$'000
G. Arthur Brown Scholarship Fund	161	201
Public Awareness Fund	60	60
CIDA Fund	135	-
Legislative Action Fund	215	215
Environmental Project	118	118
IT Committee Fund	20	20
Partnership for Progress Fund	63	190
Think Tank Fund	1,000	2,000
Police Station Crime Fund	300	-
USAID Fund	160	-
Other	5,723	7,304
	<u>7,955</u>	<u>10,108</u>

The special project funds are represented by cash and cash equivalents.

11. Due to Subsidiary

This represents amounts due to the Subsidiary, The Private Sector Organisation of Jamaica (Holdings) Limited. There are no repayment terms and the amounts are interest free and unsecured.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

12. Long-term liabilities

	Group	2005	2004
a) 1% First mortgage debenture stock – (1987/2006)		172	172
b) 1% Second mortgage debenture stock (1999/2009)		444	444
		616	616
Less: Current portion		(172)	-
		444	616

(a) 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.

(b) The second mortgage debenture stock is secured in the same manner as described in (a) above. The debenture, which was issued at par, is redeemable in 2009 at premium of \$48 for each \$100 face value (Note 5).

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements

Year ended 31 December 2005

(Expressed in Jamaican Dollars)

13. Finance lease obligations

The Organisation's obligations under finance lease in respect of a fax machine and photocopier machine have been recorded at amounts equal to the present value of future lease payments using interest rates implicit in the lease (Note 4). Future payments under this lease are as follows:

	Group and Organisation	
	2005 \$'000	2004 \$'000
2005	-	451
2006	115	75
Total minimum lease payments	115	526
Future finance charges	(29)	(143)
Present value of minimum lease payments	86	383
Current portion	(86)	(215)
	<u>168</u>	<u>168</u>

14. Payables and accruals

	Group		Organisation	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade payables	4,407	3,522	4,407	3,522
Accruals	4,376	2,038	3,899	1,643
	<u>8,783</u>	<u>5,560</u>	<u>8,306</u>	<u>5,165</u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

15. Other income

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Rental	697	749	697	749
Management fees	-	-	1,104	1,104
Seminars	1,900	2,217	1,900	2,217
Publications	374	54	374	54
Luncheons	2,739	2,602	2,739	3,886
Job creation	1,823	1,583	1,823	1,583
Trade policy	-	120	-	120
Economic report	144	374	144	374
Income project support	882	308	882	308
Other	115	865	115	865
	<u>8,674</u>	<u>8,872</u>	<u>9,778</u>	<u>11,260</u>

16. Finance income, net

Finance income consists of the following:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Interest earned	1,143	1,474	1,143	1,474
Foreign exchange (loss) gain	(28)	101	(28)	101
Interest expense	(145)	(114)	(145)	(114)
Bank charges	(52)	(63)	(52)	(63)
	<u>918</u>	<u>1,398</u>	<u>918</u>	<u>1,398</u>

17. Loss before taxation

The following items have been charged in arriving at the loss before taxation:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Depreciation	1,262	1,011	1,196	946
Auditors' remuneration	434	370	350	300
Staff costs (Note 18)	<u>14,307</u>	<u>13,360</u>	<u>14,307</u>	<u>13,360</u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

18. Staff costs

Staff costs comprise the following:

	Group	2005 \$'000	2004 \$'000
Wages and salaries	9,330	8,567	
Pension costs	636	739	
Statutory deductions	2,448	2,412	
Other staff costs	1,893	1,642	
	<u>14,307</u>	<u>13,360</u>	

19. Pension scheme

The Organisation 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 Guardian Life Insurance Company Limited.

20. Contingent liability

The Organisation has guaranteed the interest payments and the redemption of the debenture stocks issued by the Subsidiary.

21. Taxation

The taxation charge consists of:

	Group	2005 \$'000	2004 \$'000	Organisation	2005 \$'000	2004 \$'000
Income statement:						
Deferred tax credit		<u>1,223</u>	<u>880</u>		<u>1,195</u>	<u>850</u>

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

21. Taxation (continued)

The tax credit included in the statement of income differs from the theoretical amount that would arise using the income tax rate as follows:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Loss before tax	5,361	2,142	5,254	2,038
Tax at 33 1/3%	1,787	714	1,751	679
Tax on non-assessable (expenses) income	(564)	166	(556)	171
Deferred tax credit	1,223	880	1,195	850

Subject to the agreement of the Commissioner, Taxpayer Audit and Assessment, losses available for offset against future taxable profits amount to approximately \$9,264,000 (2004 - \$5,667,000) for the Group and \$8,670,000 (2004 - \$5,154,000) for the Organisation.

Deferred tax asset

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	1,942	1,062	1,691	841
Deferred tax credit for the year	1,223	880	1,195	850
Balance at the end of the year	3,165	1,942	2,886	1,691

The significant components of deferred tax asset (liability) are as follows:

	Group		Organisation	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	81	81	-	-
Losses	3,088	1,889	2,890	1,718
Interest receivable	(4)	(28)	(4)	(27)
	3,165	1,942	2,886	1,691

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

22. Financial instruments

a) Interest rate risk

Interest rate risks arise when the value of an interest bearing financial instrument fluctuates during a specified period due to changes in the market interest rates.

The Group had no significant interest rate risk at the balance sheet date. Short-term funds are invested for periods of three months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity.

b) Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group has no significant concentrations of credit risk. The Group, however, faces credit risk in respect of its receivables. The Group manages this risk by periodic reviews of receivable balances and by making provisions for doubtful debts, where necessary.

c) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group had no significant currency risk at the balance sheet date.

d) Fair value

The carrying values of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents and receivables. Short-term financial liabilities comprise payables and subscriptions received in advance.

Long-term liabilities approximate their carrying amounts.

Investments are carried at fair values as described in Note 2 (e).

THE PRIVATE SECTOR ORGANISATION OF JAMAICA AND ITS SUBSIDIARY

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2005

(Expressed in Jamaican Dollars)

Notes to the Financial Statements
Year ended 31 December 2005
(Expressed in Jamaican Dollars)

25. Financial instruments

a) Interest rate risk

Interest rate risk arises when the value of an interest bearing financial instrument fluctuates during a specified period due to changes in the market interest rates.

The Group had no significant interest rate risk at the balance sheet date. Short-term funds are invested for periods of three months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity.

b) Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group has no significant concentrations of credit risk. The Group, however, does retain risk in respect of its receivables. The Group manages this risk by periodic reviews of receivables balances and by making provisions for doubtful debts, where necessary.

c) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group had no significant currency risk at the balance sheet date.

d) Fair value

The carrying values of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents and receivables. Short-term financial liabilities comprise payables and subscriptions received in advance.

Long-term liabilities approximate their carrying amounts.

Investments are carried at fair values as described in Note 2 (c).

Standing Committee on National Security (Crime):

The Standing Committee on National Security (Crime) continued to have regular meetings during the year. The membership of the Committee is as under:

Col. Trevor MacMillan (Chair)	-	SAMS Limited
The Hon. Oliver F. Clarke, OJ (Imdte. Past Chair)	-	The Gleaner Company
Mr. Peter Thwaites	-	Crime Stop
Mr. Ferris Ziadie	-	Area 4 Civic Committee
Mr. Deryck Rose	-	JEA Representative
Mr. Donovan Perkins	-	PSOJ Representative
Mr. Lazarus Bucknor	-	JCC Representative
Mrs. Prudence Gentles	-	Crime Stop
Mr. Gilbert Scott	-	Min. of National Security
Mrs. Becky Stockhausen	-	American Chamber of Commerce
Rear Admiral Hardley Lewin	-	Chief of Staff, JDF
Mr. Lucius Thomas	-	Commissioner of Police
Acting ACP Leon Rose	-	Community Relations, JCF
Mrs. Ionie Ramsay Nelson	-	CCN, JCF
Mrs. Lola Fong Wright	-	Private Sector Organisation of Jamaica

Stand for Jamaica

The **Stand for Jamaica Initiative** was launched with an anti-crime rally at Emancipation Park on May 25 last year. The rally saw the coming together of business leaders from various sectors, who in a show of solidarity, paid tribute to the over 600 men, women and children who had been murdered since the beginning of the year.

The Initiative was targeted at the Government, with a demand for strong and urgent action to address the unprecedented levels of murders in the country.

One outcome of the rally was the drafting of a Political Code of Conduct to be signed by the leaders of both political parties and by all Members of Parliament, declaring that they would not associate themselves with criminals and criminal activities. After being redrafted, the Code was eventually signed by all parties in February 2006, almost one year later.

Other goals arising out of the rally include:

- The establishment of a Police Oversight Authority, which will seek to monitor and report on the performance of police officers as well as to ensure their accountability. Legislation to bring this Authority into force was passed and is to be gazetted.
- Amendments to existing legislation, as well as the drafting of additional legislation such as the Proceeds of Crime Act. The requisite authority to conduct surveillance using particular techniques is to be given priority attention.
- The introduction of Public Sector Social Intervention Programmes, in an effort to reduce poverty levels and the existence of garrison communities by creating employment opportunities in these communities.



The rally also resulted in pledges being made by members of the private sector to establish the Jamaica Crime Fund, which would be used in various crime-fighting projects to be carried out by the police. One such pledge is GraceKennedy's, which is to underwrite the cost of acquiring forensic equipment for the Force. Their pledge was for the sum of five million dollars (\$5 million) and the company promised to make a contribution to any additional costs in the acquisition of the equipment. Another pledge came from Carib Cement to assist with the repairs to the police stations across the island. This company donated one thousand (1,000) bags of cement.

The PSOJ also established an 'Adopt a Police Station' initiative, which sought to improve the working conditions of the police force and increase its effectiveness in fighting crime. The first station to have benefited from this initiative is the Port Maria Police Station, which has been completely refurbished through the contributions and commitments of companies such as ICWI, Jamaica National Building Society and Jamaica Producers Limited.

Reclaim Jamaica

The PSOJ, in collaboration with the island's major media houses, hosted a two hour long, national Crime Forum entitled **"RECLAIM JAMAICA – RECLAIM OUR COUNTRY"** in November 2005. The forum was broadcast live on local television and radio stations with the objectives of inviting the public's point of view on solutions to crime and violence. The forum also provided an avenue to have the nation's leaders and crime fighters share their crime-fighting plans with the public.

The forum allowed Moderator, Mr. Oliver Clarke and Senior Journalists *Ms. Jennifer Grant* - CVM Communications Group; *Mr. Cliff Hughes* - Nationwide News Network and *Mrs. Dionne Jackson-Miller*, RJR Group Ltd., to pose questions to the panelists. These were Minister of National Security, *Dr. the Honourable Peter Phillips*; Opposition Spokesman on National Security, *Mr. Derrick Smith*; Commissioner of Police, *Lucius Thomas*; and Chief of Staff of the JDF, *Rear Admiral Hardley Lewin*. Questions were also fielded from the floor as well as from members of the public who were able to participate via the telephone.

Phone-In Programme

The Phone-In programme, a joint initiative of the PSOJ and the Security Forces, was launched in June 2002. During 2005, this event was held at the PSOJ Offices between the hours of 6.00 and 8.00 p.m., on a regular basis. For 2005, six events were held from February to May and again in July and September, with a total of forty calls. A total number of 891 calls have been received since the start of the Phone-In programme.

The programme allows members of the public to speak directly with members of the Force, business community and other civil society about their concerns and to share information about crime. During the hours of the Phone-In, each participant answers the telephone at a pre-determined telephone number and addresses issues raised by callers. The programme has been commended by the police for its continued success and the high quality of information over the years.

DO YOU WANT TO EXPAND
YOUR MICRO, SMALL OR
MEDIUM-SIZED BUSINESS?



DO YOU WANT TO IMPROVE THE
ABILITY OF YOUR ORGANISATION
TO PROVIDE BUSINESS SUPPORT
SERVICES TO MICRO, SMALL &
MEDIUM-SIZED ENTERPRISES?



LET THE PSDP PROVIDE THE
FUNDING SOLUTION FOR ALL YOUR
BUSINESS DEVELOPMENT NEEDS.

We offer a complete package of
business development services:

- Access to financing including non-repayable grants
- Technical Assistance
- Export Development
- Market Penetration

PSDP - DRIVING BUSINESS COMPETITIVENESS

FOR FURTHER INFORMATION CONTACT:

Private Sector Development Programme
Project Management Unit
Ground Floor - JAMPRO
18 Trafalgar Road, Kingston 10

tel: +1 (876) 978 7755
fax: +1 (876) 978-7912
email: psdpinfo@jamprocorp.com
website: www.psdjamaica.com



This project is co-funded
by the European Union and
the Government of Jamaica



Lead
Implementing
Agency

The original
and still,
clearly
the best.

Your Hydration Station.....

CATHERINE'S PEAK
PURE SPRING WATER FROM THE BLUE MOUNTAINS



Trade Policy:

Mr. Earl Jarrett (Chair)	-	Jamaica National Building Society
Ms. Michelle Lowe	-	Caribbean Regional Negotiating Machinery (CRNM)
Ms. Ellen Bogle/Tara Carnegie	-	J. Wray & Nephew
Ms. Gail Mathurin/ Wayne McCook	-	Ministry of Foreign Affairs & Foreign Trade
Ms. Lorne McDonnough/Alison Stone	-	Ministry of Foreign Affairs & Foreign Trade
Mrs. Lisa McGregor-Johnston	-	Jamaica Producers Group
Mrs. Monica Ladd/Michelle Brown	-	Myers Fletcher and Gordon
Mr. Anthony Gomes	-	Jamaica Chamber of Commerce
Mr. George Fyffe	-	Bustamante Industrial Trade Union
Ms. Andrene Collings/Dawn Williams	-	Ministry of Commerce, Science and Technology
Ms. Jerome Lee	-	Dunn Cox
Mr. Roderick Gordon	-	Advocates Chamber
Mr. Ryan Peralto	-	Harris Paints
Mr. Richard Minott	-	Customs Brokers Association of Jamaica
Mrs. Lola Fong Wight	-	Private Sector Organisation of Jamaica
Mrs. Marlene Parker	-	Jamaica Bankers Association/JSDA
Mrs. Alison Christie-Binger	-	Illuminate Communications
Mr. Garth Hinchcliffe	-	Manpower & Maintenance Services
Mr. Glenroy Brown	-	Carib Exchange
Mr. Lincoln Price/ Cheronne Ellis	-	Jamaica Promotions Corporation
Mr. Paul Scott	-	Facey Commodity Ltd.
Mr. Keith Collister	-	Jamaica Chamber of Commerce
Mrs. Michelle Hamilton	-	MAPCO Business Printers

The Trade Policy Committee of the PSOJ continued into 2005 under the chairmanship of Mr. Earl Jarrett, General Manager of the Jamaica National Building Society and a Vice President of the PSOJ. Later in the year, Ambassador Ellen Bogle of J. Wray and Nephew was appointed Vice-Chair of the Committee.

The year 2005 saw a deepened facilitatory relationship between the private sector and the various trade-related Government agencies, particularly the Ministry of Foreign Affairs & Foreign Trade.

Among the highlights of the Committee's activities for 2005 were:

Position Papers and Submissions

Submissions to Government Ministries and Parliament on various issues – CARICOM/MERCOSUR; prospective CARICOM – US Free Trade Agreement; CARICOM – Canada Free Trade Agreement and the Caribbean Court of Justice, the CCJ (Original Jurisdiction) Bill which was debated before a Special Parliamentary Committee in March 2005.

Sectoral Presentations

At the beginning of the year, the Committee decided that in an effort to more effectively accomplish its mandate and to make members more familiar with the various industries and sectors that play an important role in the economy, sector representatives would be invited each month to participate in meetings and present on the state of that sector. Among those sectors presented on were: Bananas (Ministry of Agriculture, Roger Clarke and Dr

Marshall Hall); Textile and Apparel (Ambassador Peter King); Printing (Michelle Hamilton); and Sugar (Ambassador Derrick Heaven).

Special Guests and Functions

In January 2005, The Committee hosted the incoming Head of the Politics, Trade and Economic Section of the Delegation of the EC in Jamaica, Carlo Pettinato, as a special guest to its first meeting for the year. This invitation was extended by the Committee, in an effort to forge deeper ties with members of the international community, especially those representing key trade partners. Mr Pettinato spoke generally of his new role at the delegation and specifically of his view on the impending Regional Economic Partnership Agreements between CARIFORUM and the European Union.

During the year the Committee hosted luncheons for Ambassadors Gail Mathurin (appointed High Commissioner to the UK) and Wayne McCook (appointed Ambassador to the Peoples' Republic of China). The Ambassador for Brazil and representatives from the Embassy of the Peoples' Republic of China were also in attendance to speak on their countries' relations with Jamaica, as well as their countries' role in the multilateral trading system and their views on global trade negotiations.

Funding Requests

Submissions were made on behalf of the Committee, through the PSOJ, for funds under the Private Sector Development Programme (PSDP) for the hosting of seminars and the creation of trade-related brochures.

External Speeches and Presentations

During the year, members, particularly the Chair, made presentations on behalf of the PSOJ at various fora on the private sector positions on international trade issues.

CSME Day Activities

Winding down from a vibrant and active public education drive on the CSME (awareness sessions, townhall meetings, seminars, company visits, etc), in the earlier part of the year, much of the Committee's work was committed to the hosting of a CSME Day of Activities and Official Exhibition to coincide with the official launch of the CARICOM Single Market, originally slated for January 2005. However, due to its indefinite postponement by regional officials, the day of activities was postponed.

Attendance/Participation in Meetings

The Committee was represented at various meetings of the Jamaica Trade and Adjustment Team (JTAT) and its Technical Working groups which included Market Access, Services, Agriculture, etc.



In 2005 members of the Team and Committee participated in a series of regional and international meetings on various trade negotiating areas. Some of these areas included:

- Technical Briefing on Services and Investment – Issues in preparation for EPAs, Antigua - **April 2005**
- Caribbean Forum for Development, Barbados - **May 2005**
- 19th Meeting of the Council for Trade and Economic Development (COTED) and 12th Special Meeting of the COTED, Guyana - **May 2005**
- Consultative Meeting on Rules of Origin for the EU Market, Guyana - **June 2005**
- Annual regional meeting of Chambers and Manufacturers' Association, Kingston, Jamaica - **September 2005**
- CARICOM Technical Working Group on Services, Kingston, Jamaica - **November 2005**

ADMINISTRATION



(seated) Lola Fong Wright, Chief Executive Officer, and Evett Coombs, Executive Assistant

Recruitment

In 2005, there was a net recruitment of one (1) permanent employee and three (3) persons were hired on a contractual basis. In October, the Senior Director, Human Resources and Corporate Affairs position was changed to Senior Director, Human Resources and Training. The person in this position was also given portfolio responsibility for the Information Technology Unit. The Corporate Affairs Manager has been reporting to the Chief Executive Officer since October.

Staff Training

Training in Microsoft applications, library software and general information technology seminars was facilitated for staff members. A management workshop was conducted for our managers on the topic "Motivation and Coaching".

Building Environment

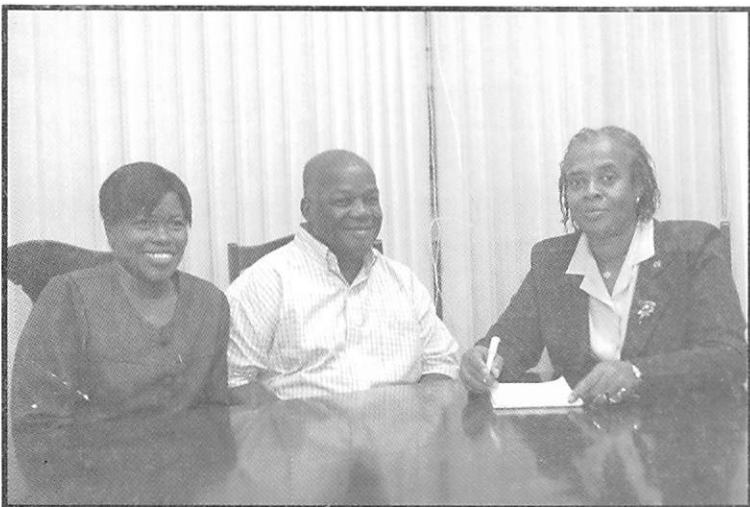
General maintenance of the building facilities and preventative work were conducted regularly. The space which was occupied by the Jamaica Exporters' Association was re-configured to create additional office space. In an effort to become more energy efficient, the old central air conditioning system was taken out of commission and individual units installed. This has resulted in significant cost reduction.

Information Technology

Upgrades of the Information Technology infrastructure were done with the addition of more storage space to the main file server and the acquisition of a computer to centrally manage the anti-virus and firewall systems for the secretariat's computers. Additionally, one Pentium computer system was purchased for use in the Economic and Research Department.



OPERATIONS



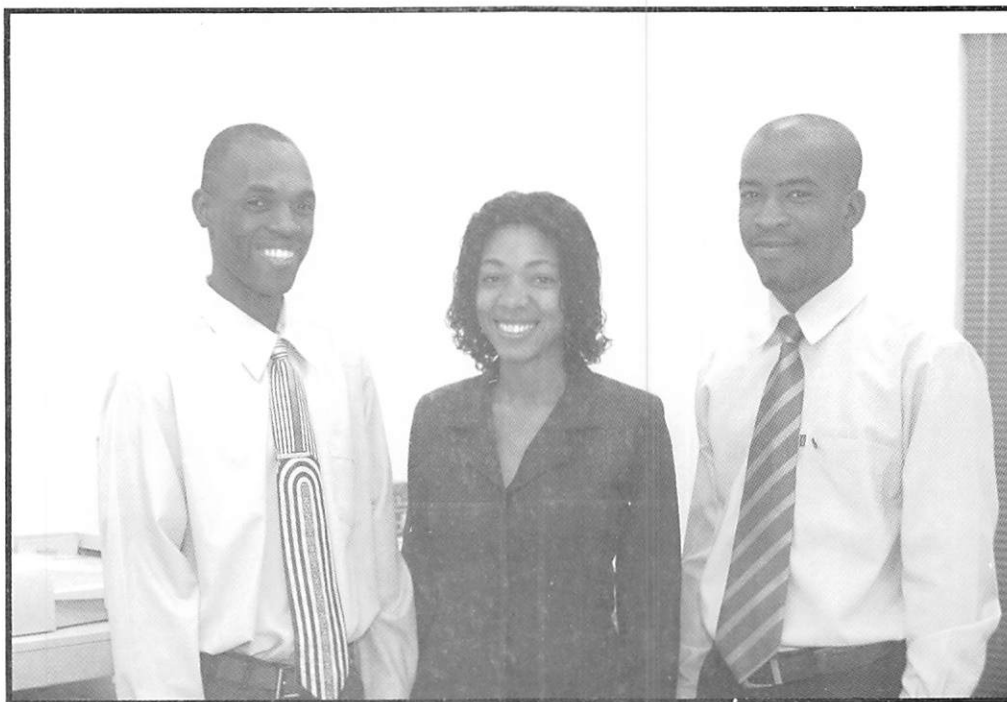
(l-r) Angela Williams, Office Attendant, Cecil Lindo, Caretaker and Evett Evans-Coombs, Executive Assistant

HUMAN RESOURCES & INFORMATION TECHNOLOGY



(l-r) Dwight Cuffe, IT Assistant, Shirley Daley, Senior Director, Human Resources and Training, Daymian Bigby, IT Officer and Katherine Brown, Customer Service Representative/Administrative Assistant

ACCOUNTS



(l-r) Michael Byrue, Finance Manager, Carlene Clarke, Senior Accountant and Stephen Coates, Accounting Officer

JAMAICA INSTITUTE OF BANKERS (JIOB)

Training and Education Services Department



(l-r) Marese Dunn, Clerical Assistant, Shirley Daley, Senior Director- Human Resources and Training, Coleen Grant, Training Co-ordinator, Darlene Jones, Manager – Training and Education, Ann Marie Hendriks, Training & Education Officer and Donna Nelson, Training & Education Officer

During the year, The Jamaica Institute of Bankers (JIOB) continued to fulfill its mandate to provide training and education services for the business and finance sectors. In this regard, short courses and seminars were held and the Institute continued to market and administer the Manchester Business School Worldwide MBA programme.

In order to remove the perception of the institute being “a bank”, the by-line ‘*Providing training and education in business and finance*’ was added to the JIOB logo.

With increased challenges of managing the short courses and the MBA Programme, especially with greater competition, the JIOB saw the need for a strategic marketing plan to direct its efforts in the growth of its offerings, both locally and regionally. The development of this marketing plan was undertaken by Future State Consultancy Limited. Since the last quarter of the year, the Institute has been guided by the recommendations of the plan.

Masters of Business Administration (MBA) Programme

As a result of the marketing activities of the JIOB, a total of 81 students entered the programme during the year. This represented a 17% increase (69) over the previous year. The total number of students enrolled in the programme as at **December 2005** was **631** and the **total** number of graduates of the programme as at July 2005 was **319**.



In order to provide more options, the Institute commenced offering the MBA for Engineering Business Managers, effective January 2005. There were a total of seven (7) students at the initial intake. To date, there are 16 students enrolled in this programme.

The Eighth (8th) Annual Presentation of Graduates Ceremony in the MBA Programme was held on September 24, 2005 at the Hilton Kingston Hotel, at which Professor Errol Morrison gave the keynote address. Dr. Alistair Benson, Academic Director, Manchester Business School Worldwide, made a presentation and Professor Colin Johnson, Financial Analysis and Management Accounting lecturer, was also present. Forty One (41) persons were awarded degrees for the December 2004 and June 2005 period.

During the latter part of the year, based on discussions with senior officials of the Manchester Business School Worldwide, it was agreed to have a new marketing thrust with a view to re-positioning the Business School in Jamaica, as the premier business school worldwide. The marketing effort would be further strengthened as the JIOB would also be the Caribbean Centre with responsibility to market and administer the MBA programme to the other islands within the region.

The new thrust would focus on:

- Re-furbishing of the JIOB office to create the Manchester Business School Centre
- Development of an E – Learning Centre to include computers
- Launch of partially funded scholarships for the July Semester
- Greater involvement with the Alumni Association with a view to supporting and marketing the Programme

Marketing activities pursued during the period included two Open House sessions, print and electronic media advertisements, brochures, in-house presentations and attendance at trade shows and conferences.

Alumni Activities

The signature event, the 5th Anniversary Banquet of the Manchester Business School Alumni (Caribbean Chapter) was held at the Hilton Kingston Hotel, on Friday, November 25, 2005.

Dr. Beverly Morgan of the Jamaica Competitiveness Cluster Programme, (a Director of the Jamaica Exporters' Association) was invited to address Alumni Members on the theme: ***"The Renaissance of Corporate Jamaica: Implications and Imperatives"***. The Banquet was a success with approximately sixty persons in attendance.

Short Courses/Seminars

The Institute continued to provide relevant training for the finance and business sector by hosting a number of training courses and seminars. Fifteen short courses and one seminar were held on the open market during the year, representing a total of 310 persons from 77 companies being trained. In-house training programmes were also hosted on behalf of RBTT, Pan Caribbean Merchant Bank, Jamaica Deposit Insurance Corporation, PricewaterhouseCoopers, First Global Bank and Dehning Bunting & Golding.

Feedback from workshops and seminars were positive and the Institute wishes to record its sincere gratitude to all the companies, associations and persons from other groupings that supported its programmes throughout the year. We anticipate a deepening of our relationship in the coming years.

JIOB/UTECH Award

The Institute presented an award to Antholon Jones, Best Economics Student at The University of Technology's, annual Faculty of Business & Management Awards on Saturday, April 16, 2005. This award is given annually by the JIOB.

Education Sub-Committee Meeting

The Education Sub-committee, which provides guidance and support to the JIOB regarding training programmes, met on a bi-monthly basis during the year.

Conclusion

Despite the challenges encountered in 2005, the year ended well for the short courses and seminars. It was also heartening to see the increase in the intake of students pursuing the MBA Programme. With the implementation of the strategic marketing plan and the new thrust in the activities of the MBA Programme, the Institute is poised for further growth in 2006■

RESEARCH & FINANCIAL SERVICES DEPARTMENT



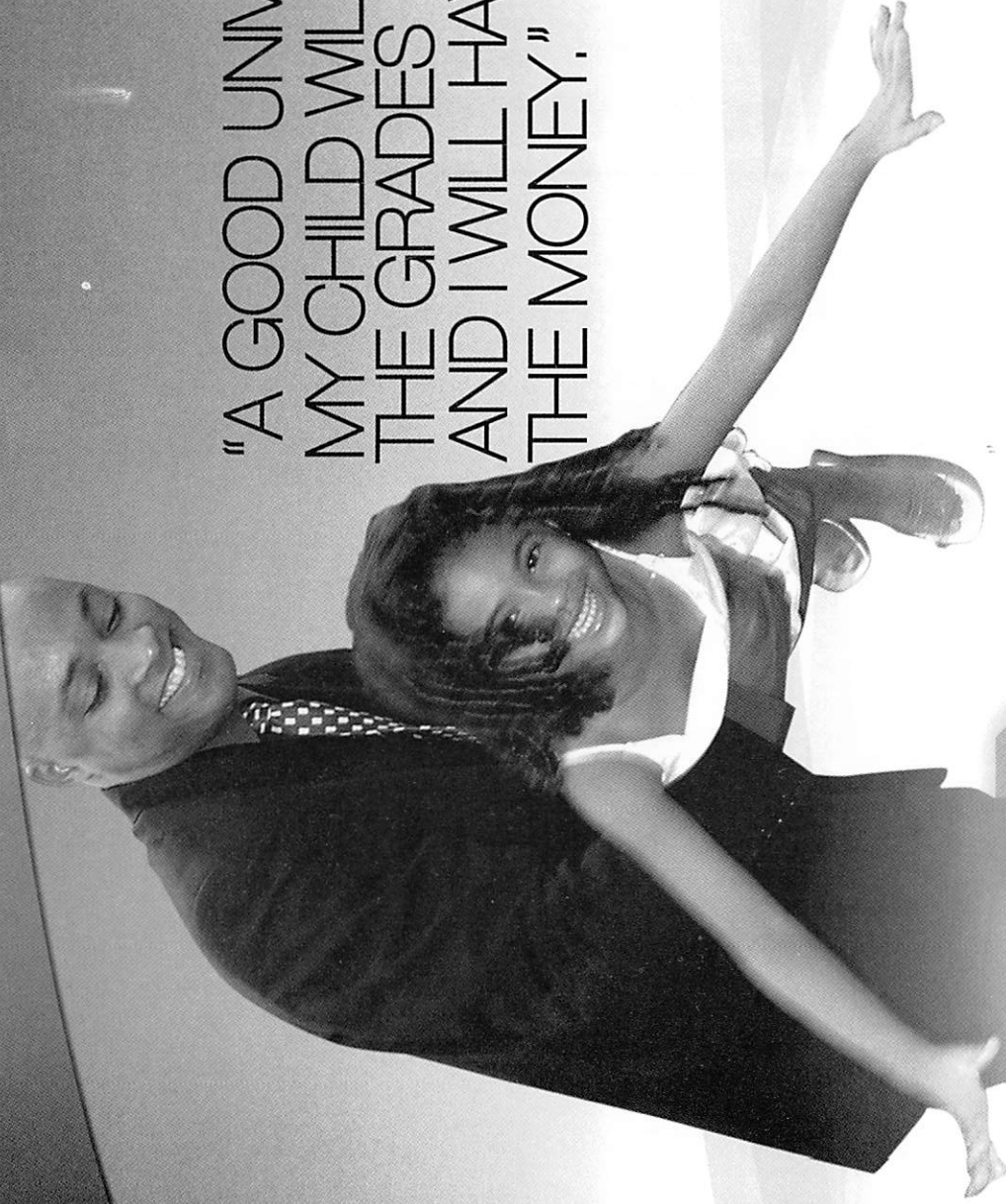
*(l-r) Roxaine Smith, Administrative Officer, Marlene Parker, Senior Director - Research & Financial Services
James Robinson, Research Economist and Sisoransa Stanford, Trade Officer*

The Research & Financial Services Department of the PSOJ provides the Organisation and its membership with research information primarily on issues related to trade and economic policy. The department, headed by the Senior Director, Marlene Parker, is responsible for the development and implementation of the work plans of the Trade Policy Committee, and the Economic Policy Committee.

The Trade Officer, Sisoransa Stanford, serves as the technical expert on multilateral, bilateral and regional trade matters such as the Free Trade Area of the Americas (FTAA), CSME and the World Trade Organisation (WTO). This individual also coordinates the activities of the Trade Policy Committee and promotes the advancement of the trade agenda through partnerships/collaboration with Government Ministries, interest groups and private sector firms.

The Research Economist, James Robinson, provides economic research and policy analysis, which guide the development of private sector positions on economic issues. Mr. Robinson is responsible for producing the monthly Confidential Economic Bulletin, which is distributed to over ninety subscribers and for effecting the activities of the Economic Policy Committee.

The department provides administrative/secretariat support to the Jamaica Bankers Association (JBA), the Jamaica Securities Dealers Association (JSDA) and the related sub-committees of these Associations. This includes the monitoring of industry issues and projects such as Fraud Prevention Initiatives, the Automated Clearing House and the development of a Fixed Income Depository. Administrative Officer, Roxaine Smith, is responsible for providing administrative support to the Senior Director, the JBA and the JSDA. ■



"A GOOD UNIVERSITY...
MY CHILD WILL HAVE
THE GRADES
AND I WILL HAVE
THE MONEY."



"I wanted a solid portfolio of investments to meet my immediate needs and long-term vision. My Pan Caribbean Financial Advisor recommended the **PRIORITY US** portfolio.

It gives me a range of **attractive investment** options which ensures that I am closer to reaching my goals."

WHATEVER YOUR GOAL IS > WE CAN HELP

- > UNIVERSITY > FINANCIAL INDEPENDENCE
- > HOME > RETIREMENT
- > CAR > FINANCIAL STABILITY



KINGSTON • MONTEGO BAY • OCHO RIOS • MANDEVILLE • SAVANNA-LA-MAR
929-5583 • 940-0652 • 974-8833 • 961-1210 • 955-4135

Toll Free: 1-888-CALL-PAN (225-5726)

Email: options@gopancaribbean.com • Website: www.gopancaribbean.com

Build on your success

CORPORATE & PUBLIC AFFAIRS DEPARTMENT



(L-r) Nneka Reid, Asst. Manager- Corporate Affairs, Stephanie Logan, Corporate Affairs Officer, Tanya Pringle, Manager, Corporate & Public Affairs and Margaret Warner, Membership Services Officer

The Corporate & Public Affairs Department (CPAD) continued to provide services to the PSOJ in four main areas – Membership, Publications and Reports, Public Relations and Event Planning to the PSOJ, as well as the Jamaica Bankers Association and the Jamaica Institute of Bankers.

Membership Services

The Membership Services Officer provided support to membership communication by means of the quarterly printed newsletter, 'the PSOJ News' and the monthly e-bulletin, 'Working for you', as well as responding to requests received from members. In addition, support was provided to coordinate the meetings of the Information Technology Committee. During the year, eight new members were recruited, as listed below:

Individual

- Alastair Macbeath

Corporate

- Assessment Recoveries Ltd.
- Centre for Corporate Governance and Competitiveness Strategy
- Laribo Marketing and Consultants Ltd.
- National Union of Cooperative Societies
- Prism Communications Ltd.
- Transjamaican Highway Ltd.

Association

- Jamaica Customer Service Association (Association)

Eight members were inducted at the PSOJ AGM/Soiree held in September, at the Knutsford Court Hotel. More focus has now been given to member recruitment with the employment of an Assistant Manager in September 2005, who has been charged with conducting telephone and sales calls to prospective members.

Membership Directory/Database

The membership directory continues to be updated regularly and is now available on the PSOJ website through a 'members only' area. The directory has also now been enhanced with the addition of a members listing by sector.

Membership Surveys

During the year, it was felt that gaining member feedback on their expectations of the PSOJ was an important requirement. Some feedback received from members included concerns about the public's perception of the PSOJ and also that the secretariat should devise ways in which the public could be better educated as to our role and function. Our networking opportunities were commended as well as our Job Creation Awards Ceremony, which was said to provide an incentive to companies who have created employment and will act as a booster to others with the intention to hire. Commendations were expressed for the secretariat's accessibility, the high standard of events and communication tools employed. Since September 2005, the CEO and Corporate Affairs Manager have been conducting visits to member companies to strengthen relationship and gain additional feedback on our services and activities.

Publications and Reports

Publications created and distributed by this department included the Annual Executive Committee Report, the quarterly printed newsletter and information e-bulletin, were sent out monthly, updating our members on various activities, publications and messages. A PSOJ Hall of Fame Supplement was published on October 21, 2005 which helped to promote the Hall of Fame Banquet honouring Dr. Marshall Hall, held on October 25, 2005. The Department was also responsible for preparing monthly and quarterly reports for the Executive Committee, Council meetings and the Annual General Meeting.

Public Relations and Communication

The Department was responsible for writing over thirty speeches and remarks for the President during 2005, and a number of messages requested of the President for publication in company supplements. The Department also wrote and distributed the annual PSOJ New Year's Message and other press releases advocating for a variety of issues including the congestion surcharge at the ports, condemning the continued violence, Stand for Jamaica Initiative, Jamaica Crime Fund and Reclaim Jamaica crime fora. For 2005, the value of coverage received in the print media was in excess of \$6.5 million dollars, with the Stand for Jamaica initiative garnering press coverage valued at over \$2 million dollars. Regular contact and good relations with the media were maintained.



The Department was also responsible for the maintenance of the PSOJ website. The number of persons visiting the PSOJ website has greatly increased since 2002, when we first started tracking. The number of successful hits for the entire site increased from an average of over 9,000 for 2002 to almost 36,000 for 2005. The average number of visits per month has also increased from 1,515 in 2002 to over 6,000 for 2005. Of interest is the general increase in visits for June 2005, immediately after the Stand for Jamaica rally. It is apparent that the website is a primary means of publicising our activities

Events

Support was provided to events including membership networking events, monthly Job Creation Awards Breakfast and other major events. Other events coordinated by CPAD for 2005 included the monthly Phone-In Programme, Stand for Jamaica and Reclaim Jamaica events.

Corporate Governance Seminars – February and September 2005

The Department also supported Corporate Governance seminars, held in collaboration with the Commonwealth Association for Corporate Governance (CACG), the Commonwealth Secretariat and USAID-Kingston in February and September 2005. These seminars were well attended, with very positive feedback from the participants. In addition to the seminars, a Public Forum was held in February to discuss the proposed Corporate Governance Code.

Members' Luncheons – June 30 and December 2, 2005

Two members' luncheons were successfully staged during the year. The first event, held in collaboration with the Jamaica National Building Society, was held on June 30, with guest speaker, the Most Hon. Edward Seaga, PC ON. This provided an opportunity for PSOJ members to hear from Mr. Seaga in the new phase of his career and also allowed the PSOJ to recognize and thank him for his sustained service to the nation. On December 2, Minister of Finance and Trade - Mexico, Dr. Gil Diaz, was guest speaker at a luncheon which received wide media coverage. Sponsors of this event were the Bank of Nova Scotia (Jamaica) Ltd. and Capital and Credit Merchant Bank Ltd.

Private Sector Hall Of Fame – October 2005

The annual Private Sector Hall of Fame award for 2004 was presented to Dr. Marshall Hall, CD, at a banquet, which was well attended by members of the private sector. Dr. Hall is the thirteenth PSOJ Hall of Fame awardee since the inception of these awards in 1992, joining a number of prominent Jamaican business leaders.

The Department wishes to express its appreciation to those members who provided sponsorship for PSOJ events and supported our publications with advertising. We look forward to your continued support and welcome your feedback and comments on our activities.



NATIONAL CRIME PREVENTION FUND (CRIME STOP) – 2005

Introduction

Crime Stop is a partnership with the community, the police and the media, designed to involve the public in the fight against crime. **Crime Stop** encourages the public to give information by offering total anonymity to all callers, and for those who wish, a cash reward for information that leads to an arrest, recovery of stolen property or the seizure of illegal drugs or guns. The programme is administered by the National Crime Prevention Fund, which falls under the direction of the Private Sector Organisation of Jamaica.

Administration

During the twelve months under review, the business of the National Crime Prevention Fund was directed by the Board of Directors under the Chairmanship of Mr. Peter John Thwaites. In March 2005, Mr. Norman Marshall resigned as a Director and Miss Jenni Campbell was appointed in his place.

The members of the Board comprised the following as at December 31, 2005:

Chairman:	Peter John Thwaites
Media & Related Bodies:	J.A. Lester Spaulding, Deputy Chairman NCPF/ RJR Communications Group Jenni Campbell, Gleaner Company Ltd.
P.S.O.J:	Lola Fong Wright, C.E.O., PSOJ
Police:	Ionie Ramsay Nelson, Superintendent of Police
Community:	Jennifer Cheesman, Secretary NCPF Michael Hirst, Prism Communications Ltd. Neville James, (individual member) Charles Ross, Sterling Asset Management Ltd. Maj. Gen. Robert Neish, Digicel Foundation

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

- day to day administration of all the Fund's business, including management of the office and the information gathering and processing operations;
- research into, writing and production of the monthly Crime of the Month programme, 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.

During the period under review, twelve (12) monthly Board Meetings were held. The Annual General Meeting was held on the 21st December, 2005.



Funding

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

- 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 to the tune of over \$40 million for the year;
- interest of \$1,767,627 accruing to the capital fund donated by private sector bodies. Funds on deposit presently stand at \$11.589 million.
- total contributions received and booked in 2005 totaling \$1.06 million
- office space and personnel to man the telephone hotlines are provided by the Police
- the PSOJ Secretariat provides accounting services free of cost.

Crime Stop Offices

The **Crime Stop** office is housed at the Office of the Commissioner of Police at 101 Old Hope Road, Kingston 6 at no charge to the Fund.

The Police continued to provide the personnel to answer the **Crime Stop** Hot Lines and to follow up on information given to the Police for action. The counselors work on a shift basis so as to ensure a 24-hour, 7-day a week monitoring of the telephones. The office is headed by a Senior Superintendent of Police with a staff complement of five other ranks.

Media Advertisements

Corporate Campaign

"Now We Are Killing Our Children" – In October 2005, a new Media Campaign was launched which highlighted the increase in the number of children being murdered in Jamaica. This campaign was produced in conjunction with Cable and Wireless Jamaica Limited.

Crime-Of-The-Month

Five Crime of the Month programmes were produced during the period under review. These covered a double murder committed in St. Thomas, one in Kingston and three committed in St. Catherine. Of the six persons murdered, one was female and the other five male.

These Corporate and Crime of the Month advertisements were produced and carried at no cost to the Fund by the following media houses in more than 4,000 spots for the year:

Television Jamaica	HOT 102 FM	The Star
CVM Television	KLAS FM	The Jamaica Observer
RJR 94FM	IRIE FM	Mark Gentles
FAME FM	Love FM	Vidquip Ltd.
Radio 2	Sunday Herald	Signtex Ltd.
Power 106 FM	Daily Gleaner	Prism Communications Ltd.

These placements would have cost the Fund in excess of \$40 million had payment been required.



Public Response

The following statistics outline the successes of the **Crime Stop** programme for the year ending December 31, 2005 with comparative figures for 2004.

STATISTICS ON CALLS RECEIVED AT CRIME STOP

	2005	2004
NO. OF ADD/INFORMATION CALLS/QUERIES	72	170
NO. OF CALLS RECEIVED	501	950
NO. OF "FIRST" CALLS	429	780
ARRESTS MADE	42	84
AVERAGE NO. OF CALLS PER WEEK	10	18
SUCCESS RATE	1 IN 7	1 IN 7
REWARDS PAID OUT	\$1,230,000	\$2,508,000

Although the calls to Crime Stop dropped significantly during the year under review, the success rate has remained at one in seven (one success for every seven calls received). However, when the number of calls received by Operation Kingfish, totaling 1,487, are added to those received by Crime Stop, it shows that the public's response to both programmes is significant.

BREAKDOWN OF ARRESTS MADE

	2005	2004
ILLEGAL POSSESSION OF FIREARM/AMMUNITION	14	22
DRUGS	10	17
MURDER	4	13
POSSESSION OF STOLEN MOTOR VEHICLE	4	10
POSSESSION OF STOLEN PROPERTY	3	6
WOUNDING	2	0
LARCENY	2	0
CHILD ABUSE	1	0
ATTEMPTED BRIBE	1	0
ESCAPEE	1	1
OTHERS	0	15

The Gleaner takes me places I may never go

And tells me about things I may never know

People I would never meet face to face

A special time, a special place

Learning so much about life's course

Always my Gleaner

The only source



A woman with long brown hair, wearing a blue and white striped shirt, is sitting in a black leather chair. She is smiling broadly and holding a green pen. In front of her is a large, open copy of The Gleaner newspaper. The newspaper features a headline that reads "Over the hill and through the woods... to White River Valley we go!" and a picture of a koala. A large, stylized illustration of a koala is jumping over the newspaper. The background is a bright yellow gradient.

www.jamaica-gleaner.com

The Gleaner
ESTABLISHED 1894

Where life unfolds



BREAKDOWN OF CALLS RECEIVED AT CRIME STOP

	2005	2004
ILLEGAL FIREARMS/AMMUNITION	168	269
WANTED MAN	55	102
GUNMEN	51	75
DRUGS	36	73
MURDER	28	66
GUNS/DRUGS	10	34
SUSPICIOUS ACTIVITIES	5	25
STOLEN MOTOR VEHICLES	21	24
ILLEGAL ACTIVITIES	8	11
SUSPICIOUS PERSONS	2	7
ROBBERY	3	7
DEAD BODY	0	7
THREATS	2	6
CARNAL ABUSE	3	6
CRIME OF MONTH	2	5
OTHERS	30	58
ADD. INFORMATION/QUERIES	72	175



STATISTICS ON ILLEGAL FIREARMS AND AMMUNITION SEIZED

	2005	2004
TOTAL NUMBER OF FIREARMS SEIZED*	23	38
ROUNDS OF AMMUNITION	115	378
AIR PISTOL PELLETS	0	454
FIREARM MAGAZINES	0	1
<u>*BREAKDOWN OF FIREARMS SEIZED</u>		
AIR PISTOL	0	1
SHOTGUNS	4	4
.357 REVOLVER	1	3
.38 REVOLVER	1	3
.380 PISTOL	3	1
.45 PISTOL	2	0
9MM PISTOL	6	13
.40 PISTOL	0	1
TEC 9 SMG	0	2
.22 HP RIFLE	0	1
M14 RIFLE	1	
UZI SMG	1	
AK47 RIFLE	1	3
SEMI AUTO RIFLE	0	1
HOMEMADE	3	5

In addition to the above successes, a total of twelve (12) stolen motor vehicles were recovered during 2005.

The following is a breakdown of the value of the property and narcotics seized through information to Crime Stop in the period under review.

	2005	2004
VALUE OF PROPERTY RECOVERED/SEIZED	\$ 4,525,650	\$13,574,390
VALUE OF NARCOTICS SEIZED	\$14,414,075	\$88,369,153



Rewards

One million, two hundred and thirty thousand dollars (\$1,230,000) was paid out in rewards during the year under review. A breakdown of this figure is set out hereunder:

	2005	2004
Recovery of Illegal Firearm	949,000	1,357,000
Murder/Manslaughter	120,000	715,000
Drugs	85,000	199,000
Stolen Motor Vehicle	30,000	135,000
Rape	20,000	-
Carnal abuse	-	25,000
Wounding	18,000	-
Others	8,000	77,000
TOTAL	\$1,230,000	\$2,508,000

Rewards are determined by guidelines that are set out by the Board of Directors and are only paid out at the request of a caller.

Escrow Account

The Reward Escrow Account was opened to facilitate members of the public to offer additional sums of money towards rewards offered by **Crime Stop** for specific crimes. At the end of December 2005, there was \$200,000 in this account.

Fundraising

In November 2004, letters were written to PSOJ members asking for a donation to the Fund. Donations continued to flow in at the beginning of 2005, resulting in a total of six hundred and sixty thousand dollars (\$660,000) being added to the Reward Fund. A new Cause Marketing Campaign with Cable and Wireless Jamaica Limited was launched in October 2005, with Cable and Wireless Jamaica Limited undertaking to give \$200,000 a month to the Fund for a period of one year. By the end of the year, a total of \$400,000 had been received.



Schools Education Programme

Crime Stop continued with its Schools Education Programme in 2005. Members of **Crime Stop** visited Primary, Preparatory and All Age Schools and gave lectures to children in Grades 5 upwards on how the **Crime Stop** Programme works and how important it is to help the police fight crime. One of the main objectives of these lectures is to try and eradicate the "informer must die" syndrome. To date, over 76 schools have been visited, with over 19,300 students attending lectures.

A Brief History of the "Crime Stop" Programme in Jamaica

In October 1987, a group of private sector businesses and service organizations appealed, in an open letter to the government of the day and to the political parties, to re-establish the rule of law and security of the people.

Under the direction of Mr. Gordon "Butch" Stewart, then PSOJ President, and the President of the JHTA, they set about to raise the funds to assist the national effort. After raising \$1.3 million and after due consideration, it was decided that the most direct and suitable programme in the fight against crime that the PSOJ could initiate, would be to bring about a partnership with the media, the private sector, the police and the community by offering rewards for information leading to the arrest of criminals. Of critical importance was an option of anonymity for informants being built into the process. This led to the decision to initiate a "Crime Stoppers" programme similar to those that operate in the United States. By May 1989, the NATIONAL CRIME PREVENTION FUND was established, which was converted into a Limited Liability company on March 21, 1991. A trust was created and a Board of Trustees appointed to administer the Fund with a Board of Directors drawn from the media, PSOJ, Jamaica Constabulary Force and the community.

A paid coordinator was appointed to oversee the day-to-day administration of the fund. On September 6, 1989 the **Crime Stop** programme was launched.

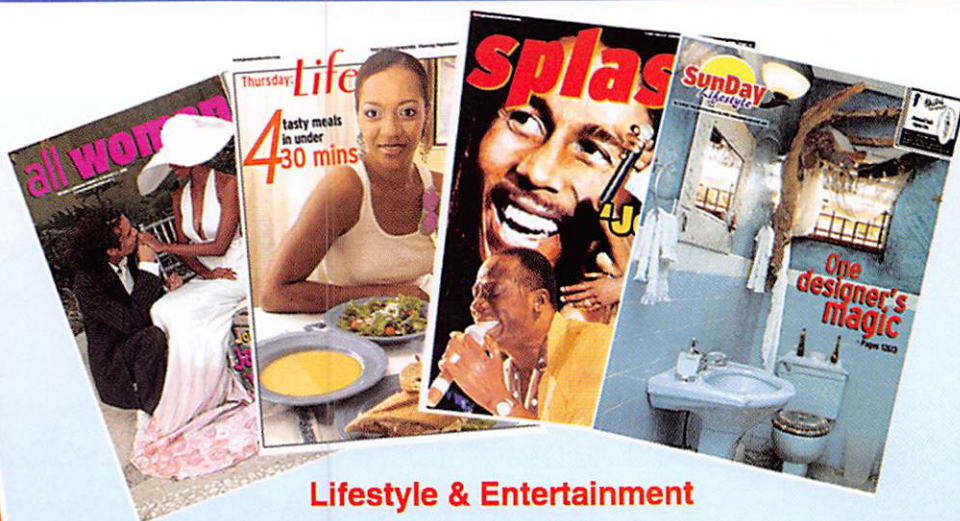
List of Trustees of the National Crime Prevention Fund

- The Private Sector Organisation of Jamaica
- Jamaica Hotel and Tourist Association
- Jamaica Dental Association
- Institute of Chartered Accountants of Jamaica
- Famplan Jamaica (formerly Jamaica Family Planning Association)
- Incorporated Masterbuilders of Jamaica
- Small Business Association of Jamaica
- Shipping Association of Jamaica
- Jamaica Employers' Federation
- Media Association of Jamaica
- Jamaica Manufacturers Association
- Jamaica Exporters' Association
- Jamaica Chamber of Commerce
- Jamaica Bankers Association
- Jamaica Agricultural Society
- Nurses Association of Jamaica
- Jamaica Association of General Insurance Cos.
- Hardware Merchants Association of Jamaica
- Jamaica Livestock Association

EVERY DAY MATTERS!



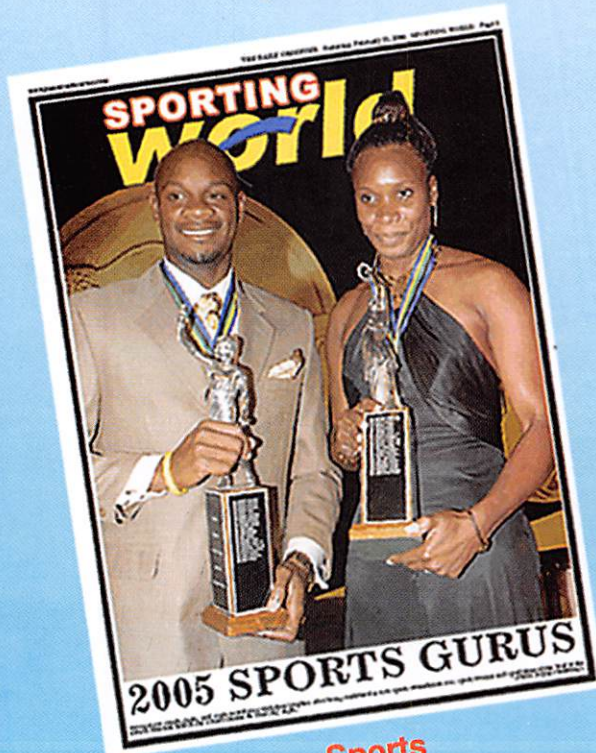
News



Lifestyle & Entertainment



Youth



Sports



Business

THE JAMAICA
OBSERVER

JAMAICA MEDICAL ASSISTANCE COMMITTEE (JaMAC)

JAMAC continues to experience great financial difficulties because of lack of support. We applied to CHASE for funding as well as United Way and were turned down. We were partially funded by United Way for a New Computer and Stationary, but nothing for Administrative expenses. We are in the process of re-vamping our Committee by inviting new membership, and are resolved that we must establish a fund-raising Committee as a means of support. We are also having meetings with various companies in the hopes of persuading them to become involved in "Cause Marketing" on our behalf, where they donate a percentage of their sales to assist us with funding.

Next year (2006) promises to be very busy as we have bookings for Medical Missions from January to June as follows:-

SEE International – a group of Ophthalmologists were due to visit Portland in January but the visit was cancelled, because even though the Ministry of Health had approved the Rotary International Club's Clinic in Port Antonio, they denied permission for its use for surgical procedures, which were part of the Mission activities.

CANSEE: Members of the Canadian Seeing Eye Exhibition, Ophthalmologists, Drs Garth Taylor and Anirudh Mahabir visited the Mandeville General Hospital and in conjunction with Dr. Marlene Smith-Day the Consultant Ophthalmologist at the Hospital, operated at the end of January, 2005 on 72 patients for cataracts and other impairments to sight. They also installed intra-ocular lenses where possible.

Value of donation: C\$20,000

The Volunteer Optometric Services to Humanity (VOSH) who customarily visit Portland every two years, conducted a Mission in Portland from February 19 to 26. They were hosted by the Rotary Club of Port Antonio.

Value of donation: US\$20,000

HealthCare International arranged for Dr. Robert Goldman, Fellow of the American Academy of Orthopaedic Surgeons, to join Dr. Christopher Rose in performing two Arthroplasties on Wednesday March 9 at the University Hospital. Dr. Goldman was accompanied by two American Registered Nurses, who assisted him in surgery and a Surgical Technician, Jamaican, Grace McDowell-Mason. This visit was arranged by Beverley Treasure, of Healthcare International, who is a Jamaican Surgical Technician at the Morristown Memorial Hospital in New Jersey. She has been arranging Medical Missions for many years with the assistance of Jamal.

Value of donation: US\$45,000

In April, we welcomed the American Flying Dentists, who have been offering their services for over twenty-one years, to the people of North Manchester. This year the visiting Dentists were Drs. Charles Wetzel and Thomas Murphy. They saw 365 patients and carried out a number of procedures such as fillings, extractions and surfacing. They were hosted by the Rotary Club of Christiana.

Value of donation: US\$10,000.00



The Caribbean Cultural Association from Tampa, Florida, visited during May 12 –20, 2005. This year, their base was West Rural St. Andrew as guests of the Stony Hill Kiwanis Club. They spent days at the Stony Hill, Lawrence Tavern and Parks Road Clinics. They also spent one day assisting the Mustard Seed Communities. The majority of members of this group are Jamaican nurses.

Value of donation US\$30,000.00

In June, The Jamaica Outreach Mission of the Beulah Baptist Church of Tampa, Florida, visited. This group is also largely made up of Jamaican Nurses and Doctors who have been visiting the island yearly. They have taken a particular interest in the Female Correctional Facility at Fort Augusta, St. Catherine and were hosted by The Kiwanis Club of the First City, Spanish Town. They visited Clinics in St. Catherine.

Value of donation US\$25,000.00

In June also we had one of our regular Dentists, Dr. Paul Weber, visiting the Above Rocks Clinic for one week of free dental treatment for residents of Above Rocks and surrounding areas.

Value of donation US \$10,000.00

In August we were visited by members of the Church of the Nazarene in Ohio, USA. Their visit was arranged by Dr. Douglas McCloy, Optometrist, who practices between Manchester, Jamaica and Ohio and usually includes other medical professionals. Their activities usually take place in Health Clinics which are deeply rural.

Value of donation US\$35,000.00

GLOBAL LINKS:

We were visited for a week by Mrs. Kathleen Hower, CEO and Co-Founder of Global Links who are our International donors of medical equipment and supplies. We arranged for her, accompanied by the Co-ordinator, to visit as many local and rural Hospitals and Clinics as possible in the time allotted. Mrs. Blossom Laidlaw of JAMALCO assigned a vehicle and a driver to us, as a donation, for the duration of her stay and this was a great assistance all around.

We are fortunate to be the recipients of a container of medical equipment and supplies from Global Links, which is being funded again this year by JAMALCO and have successfully negotiated with the National Health Fund to pay for 4 containers from Global Links for 2005/2006. This will mean that we would have been able to contribute significantly to the lack of equipment and supplies in the Health sector. We would like to pay particular attention to the Bustamante Hospital for Children where the equipment is worn and in dire need of change.

The last quarter of the year saw the Co-ordinator trying to form a Fund Raising Committee consisting of young professionals in an effort to have a continuous supply of funds coming into the system, which would allow us to plan for eventualities. ■

PSOJ MILESTONES 1976 – 2006

March 11, 1976	Inaugural meeting of the PSOJ held; Carlton Alexander elected first President, and went on to serve for a record five terms.
1976	Provided funds and assistance to the "One Love" Peace Concert initiative, held to encourage peace between communities.
1977	Establishment of G. Arthur Brown Scholarship, which enables the recipient to pursue a Master of Science degree in Accounting at the University of the West Indies. PSOJ Task Force assisted with furnishing and equipping the Muirton Boys' Home in Portland.
January 1978	Provided support to negotiation of Peace Truce between rival communities in Western Kingston.
1981	The PSOJ and the Jamaica Chamber of Commerce established the Jamaica-America Medical Assistance Committee (JaMAC) to secure and coordinate overseas donations and medical services for the island's health sector.
1985	Production of <i>A Policy Framework for Economic Development in Jamaica</i> Relocation of PSOJ Secretariat into its own offices at 39 Hope Road.
September 1989	Launch of Crime Stop , a partnership with the media, the private sector, the police and the community. This initiative assists the police in gathering information on unsolved crimes.
1990	First publication of PSOJ Annual Report on the Jamaican Economy 1989. Cooperative Agreement signed between USAID and the PSOJ as part of the Health Sector Initiative Project (HSIP), to improve the quality and efficiency of health services delivery in Jamaica.
1993	Conducted a comprehensive review of the Jamaican electoral system and published a report which recommended reforms and was presented to the government, the opposition and the Chair of the Electoral Advisory Committee.
1994	PSOJ monthly Confidential Economic Bulletin was launched.
March 1995	PSOJ and USAID launch The Peace and Love in Schools (PALS) Project , which initially received funding through the National Action Plan.
October 2001	The PSOJ Corporate Governance Committee was formed to promote and build awareness of Corporate Governance principles for businesses.
January 2002	Launch of the Job Creation Awards , sponsored by Cable & Wireless Jamaica, in collaboration with the PSOJ, to recognize those companies which had created recent employment in Jamaica.
March 2002	The PSOJ and other trade associations orchestrated the defeat of the government's proposed street light cess.
May 2002	The PSOJ established a Trade and Environment unit to support its research capacity and to build trade awareness in the private sector.



- June 2002 The PSOJ was instrumental in the preparation of the **Report of the National Committee on Crime and Violence**, signed by the two major political parties.
- December 2002 – December 2003 Island-wide **Police Courtesy Week** activities were launched to strengthen the relationship between the security forces and the communities in which they serve.
- July 2003 The PSOJ, in collaboration with the Victoria Mutual Building Society, launched the **Better Family Life Project** (the creation of educational videos to bring national attention to 'family life').
- October 2003 A team of private and public sector representatives visited Ireland to meet with the Prime Minister and other senior leaders to gain first hand information on the Irish Social Partnership. This led to the genesis of the **Partnership for Progress**.
- January 2004 The PSOJ Information Technology Committee was formed to promote greater interaction between the government and private sector, influence policies within the sector and to facilitate the development of products and services at international standards.
- May 25, 2005 PSOJ **Stand for Jamaica Crime Rally (Emancipation Park)** was held to call attention to the soaring murder rate, to commemorate those slain and to press for strong measures to address the impact of crime on the nation. Arising from this initiative, a bi-partisan committee finalized the proposed Declaration and a revised Agreement and Political Code of Conduct. A number of amendments to existing legislation were also recommended. The Jamaica Crime Fund was established and the PSOJ Standing Committee on National Security (Crime) is working to encourage the renewal and development of police civic committees at police stations islandwide.
- November 16, 2005 **PSOJ Reclaim Jamaica National Crime Forum**
The PSOJ, with support from corporate sponsors, held a crime forum to seek solutions to crime and violence in Jamaica and to allow members of the media and the public to hear from those persons responsible for crime and security in Jamaica. Panelists *Dr. the Hon. Peter Phillips*, Minister of National Security; *Mr. Derrick Smith*, Opposition Spokesman on National Security, *Rear Admiral Hardley Lewin*, JDF Chief of Staff and *Commissioner Lucius Thomas*, JCF were questioned by moderator, *the Hon. Oliver Clarke, OJ* and Senior Journalists *Ms. Jennifer Grant, CVM*; *Mr. Cliff Hughes*, Nationwide News Network and *Mrs. Dionne Jackson Miller, RJR*.
- March 11, 2006 **PSOJ 30TH ANNIVERSARY CELEBRATIONS**
The launch of the PSOJ 30th anniversary was held with a celebratory church service on Sunday, March 12, followed by a press briefing and cocktail reception and an Anniversary Members' Luncheon and Awards Banquet.