

MINISTRY PAPER NO: _____

**PERFORMANCE OF THE COMPANIES OFFICE OF JAMAICA FOR FINANCIAL
YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007**

1.0 Purpose of the Ministry Paper

This Ministry Paper is intended to inform Parliament and the public about the performance of the Companies Office of Jamaica (COJ) during the 2005/2006 Financial Year and its main focus for the 2006/2007 Financial Year.

2.0 Mission

The mission of the Companies Office of Jamaica is to enable the legal creation of companies, sole proprietorships, partnerships and industrial and provident societies in an environment of trust and commitment to all stakeholders, in order to foster trade, commerce and wealth creation.

3.0 Role and Functions

The Companies Office of Jamaica is responsible for the administration of the Companies Act, the Registration of Business Names Act and the Industrial and Provident Societies Act. As a consequence, the Agency is responsible for the registration and regulation of companies, business names and industrial and provident societies. The Companies Office of Jamaica is also the repository of information pertaining to those entities.

4.0 Priority Targets and Objectives for Financial Year 2005/2006

Eight (8) priority targets were identified for the Financial Year. These were as follows:

- Maintenance of guaranteed registration and search services
- Implementation of the Document Processing Management Information System (DPMIS)
- Facilitation of the passage of regulations for the effective administration of the Companies Act 2004 and amendments to the Act.
- Staff training and preparation of a comprehensive procedures manual on the Companies Act 2004
- Public education to inform the society about the Companies Act 2004 and the services provided by the COJ.
- Continuation of a project to manage the Agency's original records

- Improved financial performance through the implementation of strict cost containment measures and new value added services.
- Facilitation of the amendment of the Registration of Business Names Act.

4.0 Highlights of Performance/Achievements for Financial Year 2005/2006

4.1 Summary of Achievements

During the 2005/2006 Financial Year, much of the Agency's attention was focused on clearing backlogs created by the Companies Amnesty, training staff and the public on the new processes and procedures required for the proper administration of the new Companies Act, and preparations for the implementation of the DPMIS. In addition the Agency changed its name from the "Office of the Registrar of Companies" (ORC) to the "Companies Office of Jamaica" (COJ) in an effort to distinguish itself from the Registrar General's Department with which it is often confused and to begin its rebranding as a premier Agency of the Government of Jamaica.

4.2 Guaranteed Registration Services

During the first two months of the 2005/2006 Financial Year, the suspension of the Guaranteed Services was extended to accommodate the acclimatization of the staff to the new requirements of the Companies Act 2004. On June 1 2005 guaranteed services were reinstated and since then normal service standards have been maintained on average.

Table 4.1: Guaranteed Service Delivery Times

Guaranteed Service ¹	Targeted Delivery Time	Actual Delivery Time
New company (regular)	4 wk. days	4 wk. days
New company (expedited)	1 wk. day	1 wk. day
Business Name (regular)	2 wk. days	2 wk. days
Business Name (expedited)	1 wk. day	1 wk. day
Certified copies	25 mins.	10 mins.
Registered Office Notice	4wk. days	4 wk. days
Change of Directors	3 wk. days	3 wk. days

¹ Guaranteed registration timelines assume that correct documentation and accurate information is provided. These services relate only to the time within which documents are registered. If they are rejected, the timelines for return of documents are longer.

4.3 Implementation of the DPMIS

An audit of the DPMIS was undertaken late in the 2004/2005 Financial Year. The results of the audit indicated that the system required testing to determine its accuracy, effectiveness and efficiency. Early in the review year it was decided that a combination of external and internal resource persons would be used to write scripts for user acceptance testing of the several modules of the DPMIS. Upon completion of the writing of scripts the DPMIS, user acceptance testing was done.

4.4 Public Education

During the period under review, the COJ Mobile visited the parishes of St. Mary, Portland, St. James, Clarendon, St. Elizabeth, St. Catherine, Manchester, St. Ann, Westmoreland and Hanover. Revenues earned totalled \$3.44M.

In continuing the Agency's public education thrust, the COJ participated in several seminars, delivering presentations on the Companies Act 2004. Presentations were made at seminars hosted by The Association of Accounting Technicians, the Jamaica Bar Association and the Jamaica Business Development Company, among others. The Agency also participated in a seminar jointly sponsored with JAMPRO in Montego Bay, St. James. Also, in conjunction with the Jamaica Information Service (JIS), the COJ participated in radio and television features.

The COJ conducted with its professional clients, training sessions geared towards providing them with practical guidelines for the completion of prescribed forms and assisting them to understand the need for the new administrative requirements of the Companies Act 2004.

4.5 Staff Training

Staff training on the requirements of the new Companies legislation continued into the present Financial Year. During the period under review the Agency recognised that its customers were becoming increasingly frustrated with the high levels of rejections of documents and the seeming inconsistency with which documents were examined. As such the decision was taken to intensify the training in the Business Registration and Customer Service Units.

Although most staff training related to the Companies Act 2004, efforts were made to have staff trained in other areas including web applications, customer satisfaction, fraud investigation, cyber strategy, HIV/Aids, financial planning, mutual funds, energy conservation and internal audit systems.

4.6 Passage of Regulations for Companies Act/Amendments

The regulations to accompany the Companies Act 2004 were reviewed by the Attorney General early in the Financial Year and approved by the Ministry. The rules, which set out the new formatting requirements for documents and the bases for the refusal of company names by the Registrar, inter alia, were tabled and passed in both houses of Parliament during the course of the review year. They will be incorporated in the Jamaica Gazette.

When the Companies Act came into effect on February 1, 2005, the legislation was in need of some amendments. Several interest groups were promised that the requisite amendments would be made in the shortest possible time, in particular the one mandating that all companies formed before February 1, 2005 should file Articles of Continuance so as to allow them to full take advantage of all the benefits of the 2004 Act.

Early in the Year Cabinet approval was received for the amendments regarding the Articles of Continuance and I mandated the Chairman of the Companies Office Management Advisory Board to review the recommendations for other amendments to the new legislation received from various interest groups and professional bodies and make recommendations accordingly.

Throughout the review year, the sub-committee of the Agency's Board continued with its examination of the recommended amendments to the Act.

4.7 Management of Original Records

During the period under review, the Agency continued to improve the management of its original records, which continue to be of critical importance as a repository of information on registered companies. The Agency focused on better storage of its hard copy files since it receives all documents for registration in paper format (which in the case of companies are converted to electronic format). The paper cannot be destroyed within a particular timeframe and the need arose for additional storage facilities. These were identified. However, files pertaining to Business Names, which had not been renewed in over ten (10) years, were audited and destroyed,

Data entry pertaining to manual company files continued throughout the year. Approximately 115,700 documents were processed.

The Access to Information Act was implemented during the second quarter of the review year.

4.8 Facilitation of Amendments - Registration of Business Names Act

During the period under review work was done on the amendments to the Registration of the Business Names Act. The Agency examined the 2nd draft of the Bill to amend the Act and made further recommendations for amendments. The Bill was taken to the Legislation Committee of the Cabinet where further amendments to the Act were approved.

4.9 Improved Financial Performance

During the 2004/2005 Financial Year, the COJ took the decision to implement utility cost reduction measures. These entailed installation of special telephone lines to lessen cellular charges, and reduction in the use of air conditioning.

Some small savings have been realized from those conservation measures.

The use of the website as an alternative means of obtaining company information has increased significantly. The number of online transactions totalled 14,730, which exceeded the projected figure of 11,000 by 33.90%. Revenues earned from the website amounted to \$2,581,437.

5.0 Operations

Maintenance of some aspects of operations presented difficulties during the review period. One was lower-than-projected volumes of some company documents received by the Agency. As the trend persisted, the Ministry was requested to revise some operational targets downwards and others upward. Permission was granted to revise the targets for volume of annual returns received and registered, volume of new companies registered, rejection rates for documents, and the wait for attendance timeline, downwards. Those revised upwards related to the volume of business names renewals and the number of certified copies provided to the public.

5.1 Business Registration

During the period under review the COJ was able to meet all its turnaround registration timelines except for those relating to annual returns. This sole shortcoming was due mainly to more time being required for examination of the forms prescribed under the Companies Act 2004. Customers also needed to familiarize themselves with the requirements of the new legislation. The latter condition also adversely affected the COJ's rejection rate for documents.

Table 5.1 Guaranteed Turnaround Times

Registration Service	Guaranteed Registration Time 2005/2006	% of Guaranteed Times actually achieved
Local company (regular)	4 wk. Days	99.9
Local company (expedited)	1 wk. Day	98.1
Business Names (regular)	2 wk. Days	99
Business Names (expedited)	1 wk. Day	99
Registered Office Notice	4 wk. Days	98
Change of Directors	3 wk. Days	98

Table 5.2 Registration Services – Summary of Volumes

Registration Service	Planned Volume	Actual Volume	Variance (%)
Local companies (regular)	1,450	1,754	20.96
Local companies (expedited)	650	765	17.69
Business Names	3,800	4,855	27.76
Registered Office Notice	1,300	2,190	68.46
Change of Directors	1,700	2,313	36.0

5.2 Compliance

During the review period, the COJ faced some challenges in this area. These included the inclement weather from July to October 2005, forcing cancellation of several compliance activities. Some companies also had difficulty meeting their statutory compliance obligations.

The COJ however, targeted the following:

- companies registered within the last 3 years and which had failed to file Registered Office notices, Particulars of Directors and Notice of Appointment of Company Secretary;
- companies which had filed returns during the Amnesty and;
- companies that were delinquent but had entered into payment plans with the COJ.

In pursuance of this compliance thrust, 1,788 notices were prepared.

The lack of compliance resulted in the Agency meeting only three (3) of its thirteen (13) targets. Those not achieved related to the volume of companies filing annual returns, the volume of companies filing registered office notices and the volume of annual returns received.

The COJ Mobile visited the parishes of St. Mary, Portland, St. James, Clarendon, St. Elizabeth, St. Catherine, Manchester, St. Ann, Westmoreland and Hanover. Revenues earned totalled \$3.44 M.

During the 2005/2006 Financial Year, seven hundred and seventy three (773) companies were removed from the Register while twenty five (25) were restored and three hundred and thirty five (335) suits were filed against delinquent companies.

Table 5.3: Target and Actual Volume Performance Indicators

Performance Objective	Targeted Volume	Actual Volume	Variance (%)
Companies filing Annual Returns	7,800	4,852	(37.79)
Companies filing Registered Office Notices	2,750	2,493	(9.34)
Companies filing Particulars of Directors	1,800	3,158	75.44
Delinquent Companies removed from the Register	700	773	10.43
Volume of Annual Returns received	9,000	8,188	(9.02)

5.3 Information Technology

The writing of test scripts for all modules of the DPMIS has been completed. As a result, the Agency moved into the next phase - User Acceptance Testing. That included the conduct of an application familiarization exercise for persons assigned to undertake testing of the various modules, the creation of test data, a test case databank or preparation of test scenarios and execution of test scripts.

Eighty three percent (83%) of scripts executed were awarded passing grades. Failed tests were returned to the developers for software fixes to be carried out. At the end of the review year, testing of cases was eighty seven percent (87%) complete.

The liaison with Fiscal Services Limited (FSL) continued in order to establish a link with the Taxpayer Registration (TRN) database. While all technical issues have been settled and the COJ has been able to validate data, it has not been able to finalize the matter as the database is not in a stable environment and therefore is subject to regular malfunction. The Agency is thus unable to rely on the availability of the data and has entered into discussions with FSL as to possible solutions to this problem. It is expected that these difficulties will be sorted out in due course.

The COJ met all its operational targets, having been able to enter on the Image Management System 299,338 documents received for registration, most within the 24-hour timeline projected.

The volume of online transactions for the period under review exceeded projections by 33.9%. The most frequently used electronic services were viewing documents online, company information details and lists of documents filed.

Table 5.4: IT Unit – Performance against Targets

Performance Objective	Planned Volume (As at Mar.06)	Actual Volume (As at Mar. 06)	Variance (%)
Residual Conversion of company files	400	1,490	272.5
New incoming documents ²	-	227,509	-
Cleansing of computerized files	750	975	30
% Upgrade of the Image Management System completed	100	99	(1)
Volume of website transactions	11,000	14,730	33.9

5.4 Customer Service

The Agency's difficulty in meeting its target of fifteen (15) minutes maximum wait for attendance was exacerbated by the large number of customers seen (21,202); the new forms required under the Companies Act 2004 and the customers' lack of familiarity with the forms.

Despite challenges, the Agency was able to surpass projections relating to its operational targets.

Table 5.5: Customer Service Unit – Time Sensitive Indicators (2005/2006)

Performance objective	Target	Actual	Variance (%)
Certified copies	25 mins.	10 minutes	(60)
Uncertified copies	25mins.	15 mins	--
Public Search (onsite)	15seconds	10seconds	--

Table 5.6: Customer Service Unit – Targets vs. Actual Performance

Performance objective	Target	Actual	Variance (%)
Certified copies	31,000	40,910	31.97
Uncertified copies	6,000	10,774	79.57
Public Search (onsite)	1,200	1,430	19.1

² The planned volume of incoming documents is that received by the COJ for registration.

5.5 Finance and Administration

Table 5.7: Summary of Financial Data (FY 2005/2006)

Revenue and Expense Category	Actual to Mar 2006 (\$'000)	Budget to Mar 2006 (\$'000)	Variance (\$'000)	% Var. Budget
Companies	106,623	96,062	10,561	10.9%
Business Name	13,986	12,200	1,786	14.6%
Searches, Copies & Others	11,706	7,530	4,176	55.5%
Sub- Total	132,315	115,792	16,523	14.3%
Interest Income	5,702	4,400	1,302	29.6%
Total Revenues	138,017	120,192	17,825	14.8%
Operating Expenses	131,723	126,002	(5,721)	(4.5)%
Operating Surplus/(Deficit)	6,294	(5,810)	12,104	208%
Op. Income Cover + Interest	105%	95%	--	--
Funding From GOJ	41,530	38,700	--	--
ORC's Contribution to Consolidated Fund	(69,009)	(60,096)	--	--
Net Contribution to Consolidated Fund	(27,479)	(21,396)	--	--

Revenues collected for the 2005/2006 Financial Year amounted to \$132 M, which was fourteen percent (14%) above budget, while expenditure for the same period, at \$131.7 M, was 4.5% above projections.

6.0 Budgetary Allocation

Table 6.1 shows a summary of the financial out-turns for the last two financial years and the projection for the 2006/2007 Financial Year.

Table 6.1: Financial Out-turns 2004//2005, 2005/2006 & Projections for 2006/2007

Descriptions	2004/05 (\$)	2005/06 (\$)	2006/07 (\$)
GOJ Funding	38,082,000	41,530,000	41,254,000
Revenues	153,213,909	138,017,000	134,089,900
Contribution to Consolidated Fund	51,445,000	69,009,000	60,000,000

7.0 Summary of Main Programmes for Financial Year 2006/2007

During the 2006/2007 Financial Year, the COJ will undertake the following programmes:

- Maintenance of guaranteed registration and search services to customers
- Implementation of the DPMIS as a first step to significantly reducing registration turnaround times and improving information available regarding the compliance status of companies.
- Continued facilitation of amendments to the Companies Act 2004 in order to close all present lacunae in the legislation and thus allow for easier administration.
- Continued staff training on the new provisions of the Companies Act 2004 in an effort to improve the registration services offered to customers.
- Continued public education to build awareness of the Companies Act 2004 and the services provided by the Agency.
- The introduction of a one-time document rejection system, on a phased basis.
- Improved management of the Agency's original records.
- Improved financial performance through the implementation of strict cost containment measures and new value added services.
- Facilitation of the amendment of the Registration of Business Names Act.
- Preparation for the handing over of the administration of the Industrial and Provident Societies Act and all attendant responsibilities, to the Registrar of Co-operatives.
- Acceptance of online payments.

**Phillip Paulwell
Minister**

**Ministry of Industry, Technology, Energy and Commerce
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