

REPORT ON CONSULTATIONS

BETWEEN

THE GOVERNMENT OF JAMAICA

AND

THE PRIVATE SECTOR ORGANIZATION

OF JAMAICA

ON OBSTACLES TO GROWTH

Compiled by:
The Ministry of Industry and Investment

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1.0 BACKGROUND

On 1999 September 1, representatives of the public and private sectors met at the Crowne Plaza Hotel to discuss issues relating to the need to stimulate immediate growth within the economy. The main point of discussion at this meeting, which was facilitated by the Honourable Horace Barber, was "**What is Required To Achieve Economic Growth?**"

The meeting stemmed from previous discussions between the Prime Minister and the President of the PSOJ. The Prime Minister asked the PSOJ to identify those areas that it felt needed to be immediately and critically addressed as a precondition for achieving economic growth.

The issues identified by the PSOJ were classified under the following headings:

- **Revenue Collection**
- **Financing**
- **Security**
- **Business Facilitation**
- **Labour Market Reform**
- **Sector Management (Tourism).**

A few months prior to the meeting, the PSOJ had submitted a paper entitled **List of Obstacles Retarding Current Businesses**. This Paper had been passed to the Ministry of Industry and Investment (MII) as well as the Office of the Prime Minister so that they could undertake a review of the issues raised in the Paper and co-ordinate a response from relevant public sector bodies. The Ministry and the OPM held consultations with other government Ministries and Agencies to garner information on the current status of the issues raised by the PSOJ in its Paper. A Status Report was then prepared by the MII that summarized the responses that had been provided by the public sector bodies contacted.

Arising from the Crowne Plaza meeting, the Prime Minister requested that a committee, chaired by the Minister of Industry and Investment and comprising representatives from both the public and private sectors, be formed to address the following: -

- a) **the points raised in the PSOJ paper.**
- b) **the responses presented in the Status Report from the Government.**

The Committee met initially over a two-day period from 1999 September 21-22 to consider the above issues. As a result, sub-committees were formed to discuss in more detail issues that related, inter alia, to customs matters, GCT and the Bureau of Standards. Subsequent meetings were held on October 8 and 11 and November 17.

This Report represents a summation of the issues raised in the PSOJ paper, the written responses that were submitted by the relevant Governmental bodies and the outcome of the four days of deliberations held between the PSOJ and GOJ representatives. It also incorporates proposed action to be taken following on the submission of a finalized consultation report to the Development Council on 1999 October 13.

Below is a summary of the presentation made by the Hon. Horace Barber at the Crowne Plaza meeting on 1999 September 1.

1.1 Introduction

1.1.1 Summary of Statement made by the Hon. Horace Barber

Economic performance was disappointing during the decade of the nineties: -

- Growth slowed markedly from 1991 and remained sluggish through to 1994, with a four-year average of 1.17%. Thereafter, growth declined and slipped into negative figures throughout 1998.
- Per capita GDP growth also slowed, with sustained negative performance since 1994. In 1998 per capita GDP was \$6,849m compared to \$7,321m in 1991.
- Net national savings hovered around 20% of nominal GDP up to 1996, but declined thereafter to 17%, experiencing negative growth during 1997 and 1998.
- With the exception of mining and quarrying, utilities, transport/storage/communications and miscellaneous services (of which the hotel - restaurant sub-sector is the significant performer), all sectors were in decline from 1995 through 1998.

There was, however, some good news: -

- Inflation was tamed from a 1991 peak of 80% down to 7.9% in 1998.
- The foreign exchange rate movement was constrained to a state of relative stability.

It is imperative that a reversal of current trends must take place. And the answer in the short and long term must be GROWTH. Current projections suggest that "bottoming out" in 1999 could lead to modest real growth of around 1.5% in the years ahead. Moreover, to achieve the per capita product of 1991 within the next four years, growth at 3% per annum is necessary.

However such growth, modest or otherwise, requires a degree of momentum from the private productive sector which has not yet been fully set in motion. As a nation, we have to begin to utilize more fully the capacity which exists on the ground. New investment, and even renewing or expanding existing plant, can have gestation periods which do not accommodate speed; and with the drawbacks of procrastination, time is not our ally.

Consequently, the discussion on our growth agenda should be focussed, practical and specific in addressing what sector, sub-sector actions should be pursued to attain specified growth objectives.

In exchanging views in the consultation process, it would be useful for the PSOJ to give an indication of the sector, sub-sector and even the business operation, which could contribute to an increase output NOW by perhaps 5% or 10%; the inputs which would be needed to achieve such goals; and the Government activities required to support each case. It is believed that this would put the Government in a position to respond to proposals which have definitive objectives that could be targeted and monitored in a systematic way.

1.2 GOJ/PSOJ Agreement

After the discussions at Crowne Plaza, it was agreed that the Government and the PSOJ would jointly: -

- a) **Undertake a sector by sector, sub-sector by sub-sector, analysis designed to establish the potential for immediate growth in particular areas of the economy;**
- b) **Undertake a firm level analysis to determine which firms could quickly respond to a government stimulus package; and**
- c) **Determine what would be needed in terms of: -**
 - **Firm-level internal adjustments.**
 - **Fiscal and other incentives.**
 - **Financing (Debt relief and Equity).**

It would also be ascertained how these could be provided in a speedy fashion.

At the meeting of 1999 November 17, it was agreed that there should be further collaboration between the government and the PSOJ on the issues raised initially in relation to the **List of Obstacles Retarding Current Businesses**. In pursuing the government's growth agenda, it was considered that the Ministry of Industry and Investment's role should continue to be that of a facilitator in this ongoing process.

2.0 ISSUES RAISED

2.1 The Customs Department: Customs Clearance

In the PSOJ paper, it is proposed that the threshold for importation without brokerage services should be raised to US\$10,000.

At present, the ceiling is US\$5,000. The threshold was raised from US\$1,000 in May 1997. In view of the complexity of the tax laws and processes requiring knowledge of the Tariff 1st - 4th Schedules, the GCT Act, requirements of the Trade Board, the Revenue Board, the KSAC and the NRCA as well as the Ministries of Health and Agriculture, the customs records show that persons find it more convenient to use the services of trained customs brokers. The Customs Department is of the view that the current low level of utilization of this facility by individuals does not suggest the need for a further increase in the threshold.

During the consultations with the PSOJ, a consensus was reached that the measure taken to increase the threshold to US\$5,000 was satisfactory.

2.2 Bonded Warehouses

A concern was expressed in relation to the need to grant more approvals to persons wishing to establish bonded warehouses.

The Customs Department reports that it co-operates with all entities engaged in export which operate bonded warehouses, but has cut back on approvals to set up new private bonded warehouses because of a shortage of manpower needed to monitor these premises. These warehouses are owned and operated by private companies where goods are stored for the companies' own use. The Department has also cited as unacceptable an apparent practice of seeking to utilize bonded warehouses primarily as a means of delaying the payment of requisite duties at the time of importation (as a means of cash flow management for the company).

In addition to the revenue implications, the Customs Department has indicated that it does not have available staff island-wide to deploy to meet the numerous requests by persons seeking this facility. Whereas the importation of a consignment requires one import entry and a single examination, the placing of the same consignment in a private bonded warehouse necessitates the processing of several ex-warehousing entries, the maintenance of ledgers, stocktaking and auditing, thus compounding the process.

The Minister of Transport and Works has announced plans for a US\$100 million expansion of Gordon Cay as Jamaica moves to ensure its transshipment facilities keep pace with international standards. The first phase of the work should be completed by August 2001, with completion slated for 2002. It is believed the issue of private bonded warehouses will again come up for review in the future.

During the consultations, the PSOJ noted that in spite of the above, there are private sector projects due to come on stream which involve a transshipment port. It is therefore reasonable, they said, to expect that companies would have valid concerns regarding the need for more private bonded warehouses.

The Government side accepted the point that was being made and promised to accommodate the genuine applications that were submitted for approval.

2.3 The Customs Department: Legislative Reform

The PSOJ cites a need for a general reform of customs legislation.

The Customs Department's procedures and policies manual has now been revised after 40 years. Modernized customs legislation is being prepared in the context of CARICOM. The objective is to modernize and harmonize regional legislation. The Customs Department is currently examining draft proposals contained in a CARICOM document and is inviting comments from stakeholders.

During the consultations, it was agreed that all matters relating to customs would be dealt with by the PSOJ sub-committee. The report on its findings was presented to the full committee on 1999 October 11, the contents of which have been incorporated into this report. See Section 2.4 for a summary of the customs sub-committee's report.

2.4 The Customs Department: Operations

A number of the concerns raised relate to the operation of Customs. Among the issues identified for consideration are inefficiencies at stripping stations, problems of under-invoicing, the lengthy turnaround time for the clearance of goods and the prevention of illicit imports.

Under the Customs Modernization Project which is to be implemented in due course a number of the shortcomings identified will be addressed.

Electronic entry submission is underway. The Customs Department has acquired 3 mobile X-ray units which will allow for non-intrusive examination of cargo (imports).

Customs matters were a major concern to the PSOJ and were discussed at length. During the consultations, it was agreed that the PSOJ sub-committee should examine in detail all matters relating to customs. The report of the sub-committee entitled "General Operations at the Ports and Public Bonded Warehouses and the Incidence of Illegal Imports" was presented to the full committee on 1999 October 11.

The main areas of focus in the sub-committee's report were in relation to the general operation of customs: enforcement procedures; customs valuation; electronic verification and limitations (barrel size and weight of 300 lbs.) on investigation of X-ray units; introduction of the C78 Electronic Entry Lodgement System with effect from 1999 September 1 and the high number of Customs Brokers who are still utilizing manual entries; imposition of a new system and fee for sight examinations relating to the processing and stripping of containers as of 1999 August 5 by Container Services Limited; delays at customs when input is required from other Government Entities such as the Ministry of Agriculture, the Ministry of Health and the Bureau of Standards. Areas highlighted include:

a) Enforcement of Customs Procedures

The report identifies ineffective supervision of Customs Officers as a principal reason for continued instances of the entry of illegal imports. This issue is of concern to the PSOJ and the JCC in particular. The concern is to ensure that there is effective enforcement of customs procedures at ports of entry where goods are examined.

The PSOJ in this report is seeking a commitment from the government that additional Officers (approximately 15 - 20) will be engaged at a supervisory level to work with the existing Officers to oversee on a regular basis the operations of customs at ports in the interim period of 3 - 6 months prior to the implementation of a number of measures envisaged under the Customs Modernization Programme. The PSOJ is urgently seeking the government's assistance in this regard in the run-up to both the New Year and commencement of the next financial year. It was acknowledged that appropriately trained personnel would be required in this exercise but it is felt that this is a matter which should be given priority attention.

The private sector members on the committee have given an undertaking, on behalf of the PSOJ that it is willing to continue to work with the government side to address these issues.

b) C79 Form

In the sub-committee's report, it was argued that the C79 form should not be used in the clearance of goods contained in 20 ft or 40 ft containers without ensuring that the goods are in fact consigned to several importers as indicated on the form and not to a single importer who is seeking to circumvent the system. The PSOJ indicated that there are instances where the C79 is used to clear 'commercial cargo' under the guise of 'personal effects'.

The response of the Office of the Commissioner of Customs is that in the case cited the issue is not the form itself as this can also happen with the C78 or any other form. It is in fact the Customs Officer on inspection who will determine the quantity of goods imported. In the end, it is a question of integrity. Regardless of the form, the documentation will reflect the quantity of goods assessed by the Customs Officer. As such, there is room for undervaluing of goods and so on. These are some of the issues that will be addressed in the customs modernization process.

c) Consent Form A

It was further argued that Consent Form A should be amended or a new form designed. The PSOJ noted that there are instances whereby a consignment of goods arrives in the country and the importer is not aware that goods contained in the cargo are not listed in the documentation. The form currently requires the importer to "admit that [he/she has] contravened the provisions of Section 205 of the Customs Act" where in some instances the importer might not be aware that the consolidator at the port of departure has included other items in the container for the sake of expediency or cost effectiveness. The PSOJ believes that this form as worded often forces an "innocent" importer to make a false declaration of "guilt" in order to prevent his goods from being seized by the Customs Department or having to delay possession of his/her goods while recourse is sought in the courts.

The Office of the Commissioner of Customs has expressed the view that it has often proven difficult to prove collusion between the importer and the overseas party. Therefore, in keeping with a ruling by the Office of the Director of Public Prosecutions, the responsibility at the receiving end rests with the importer. It is the importer who is

to ensure that the goods ordered are those that are received. If it is a genuine case that legitimately ordered goods are not properly documented on arrival, this is a matter that the importer should have identified and clarified with the shipper/exporter/agent at the other end so that the appropriate adjustments can be made in terms of the declaration to customs. That Office further argued that these are not isolated incidents, but rather daily occurrences and insisted that appropriate declarations must be made to Customs, along with the presentation of appropriate documentation for clearance.

d) Customs Valuation

The report recommended that the operations of the entire Valuations Branch of the Customs Department should be revised. It was proposed that the Branch should develop an extensive and updated database for the value goods and imports should be assessed per unit of import and not on an estimated pallet or container load.

The PSOJ also noted that implementation of the WTO Valuation System is scheduled for the end of March 2000. However, it was felt that where a bill of sight has to be done that such assessment should be undertaken on the basis of the database from the Valuation Branch and not overwhelmingly on the discretion of the presiding Customs Officer.

e) The Revenue Protection Division

In the report, the PSOJ expressed support in principle for the recommendations of the Revenue protection Division (RPD) that the Customs Act should be revised.

Concern was however raised in relation to the removal of computers from the premises of businesspersons when there is an ongoing or impending investigation. The basis for this argument rests with the fact that it often takes a long time for cases to be concluded and in the event that an entrepreneur or company is eventually found to be 'not guilty' of the allegations made, then there is a possibility that the company could end up going out of business in the interim depending on the firm's reliance on the particular equipment to conduct business. The PSOJ therefore recommends that the RPD obtain and use zip drives for example to copy information from the hard drive rather than removing the equipment altogether if this is not absolutely necessary.

Another area of concern relates to the perceived confrontational and aggressive attitude of RPD Agents when they enter premises to

execute their orders. The PSOJ was urged to report such instances to the appropriate authorities when such incidents occur.

The sub-committee in its report also made the following recommendations:

- a) The Office of the Director of Operations should be strengthened through the appointment of additional Senior Customs Officers in order to facilitate daily visits to the various ports of entry in Kingston and Montego Bay. This will serve to derail the perceived practice of switching the conduct of illicit operations between locations depending on the location of the Customs Inspection Team.
- b) As a matter of urgency, the Customs Internal Audit Department should be strengthened to effectively carry out their functions. Consideration should also be given to engagement of the services of an external private auditing firm to conduct audits on behalf of the Department and at the discretion of the Minister of Finance and Planning.

In the report, the sub-committee expressed appreciation of the work achieved thus far by the Customs Department. One example given was the "Nothing to Declare Line" at Airport Passenger Terminals. The representatives from the PSOJ endorsed the proposed Customs Modernization Programme and expressed optimism that the programme scheduled for implementation in the year 2000 should prove to be effective.

2.5 The Customs Department: Joint Forum

The PSOJ paper has proposed the establishment of a joint forum between the Jamaica Manufacturers' Association (JMA) and Customs to resolve outstanding issues.

The Customs Department has suggested that a joint JMA/Customs forum might not be required at this time. The Tariff and Port Users Committees are already in place.

During the consultations, it was agreed that membership of the Jamaica Chamber of Commerce-led Customs Tariff and Port Users Committee should be expanded to include a representative from the PSOJ.

2.6 The Customs Department: Fast Track Customs Clearance for Certified Manufacturers and Exporters

It is believed that there is need for the reform of customs procedures so that the process can operate more on an exception principle with regard to goods entering the Island in respect of certified manufacturers and exporters.

The Selective Importation Inspection System (SIIS) and the Pre-Clearance systems are in place. These systems provide special clearance facilities for importers and customs brokers respectively. Under the modernized system envisaged, physical examination will no longer be the routine. The automated process will expedite clearance significantly. The integrity of the importer is crucial to retaining these facilities.

SIIS allows importers without a record of customs breaches to receive their imports without the usual inspection, subject to a random selection for examination and audit. The list of these importers is constantly being reviewed and amended accordingly.

The Pre-Clearance system allows customs brokers with a proven competence in submitting error free entries to duty pay entries, thus bypassing the usual detailed invoice inspection prior to clearance of the goods but subject to post audit. The efficiency level of the broker will determine whether he/she is retained in the system.

During the consultations, the PSOJ endorsed fully the efforts of the Government in this area, but wished to see a widening of the certified manufacturer/exporter programme so that more companies would be able to benefit from the programme. This aspect of the issue was discussed further in a special committee established by the PSOJ to examine customs issues. See 2.4 for related issues.

2.7 Planning Approval

The PSOJ paper refers to delays in obtaining approvals (or refusals) for submission and development applications from Government Agencies. Another area of concern rests with delays in the various approval processes for Real Estate Developments, bearing in mind the fact that construction projects are very costly.

It was recognized within the context of the Investment Facilitation Board that the lengthy processing time for development and subdivision approvals was a major disincentive to investment. A report outlining the measures necessary to streamline the development approval process was produced in December 1998. Since then a Change Management Expert has been working with the relevant entities to implement the recommendations. The Ministry of Industry and Investment produced a Ministry Paper entitled

"Priority Investment and Business Facilitation Measures" in February 1999 which outlines a number of short- to medium-term measures to facilitate the productive sector. Each Ministry and Agency involved in the process now has a defined time target for assessing applications. This measure also forms part of provisions of the Ministry of Environment and Housing's Ministry Paper No. 7 laid before Parliament in March 1999.

During the consultations, the Change Management Expert engaged by the MII outlined measures intended to reduce the development approval time, for the processing of completed applications, to an average of 90 days. These measures are now at an advanced stage of implementation.

As far as Business Facilitation is concerned, the JAMPRO President informed the meeting that JAMPRO has established a Business Facilitation Unit and that relevant Ministries and Agencies have nominated Investment Facilitation Officers. She explained that a programme of culture change training workshops has been developed, which is to be implemented shortly and will involve all Agencies which interface with the business community. The training will commence in late October (1999). The objective of this intervention is to develop an investor-friendly approach throughout the system and reorient Ministries and Agencies to develop a more facilitatory mode in dealing with the business community.

Focus is now on reducing the time taken to process business approvals. At present, MII and JAMPRO are collaborating on the production of a Business Roadmap aimed at streamlining the procedures for starting a business and operating it successfully. The Business Roadmap will seek to build on achievements in the Customs Modernization Project and the Development and Business Approval and Business Facilitation Project, both of which are designed to cut back on regulatory and administrative barriers to a facilitatory business environment. The Roadmap involves a more comprehensive approach to business facilitation than these projects and as such, has tremendous potential to stimulate job creation, economic growth and investment on a sustainable basis.

This project will be undertaken in close collaboration with the private sector and will be undertaken in two (2) phases:

a) Phase 1

A reputable consulting firm will identify critical processes in need of reform and will define measurable goals for each process and design appropriate measurement systems. This work will be cemented by a series of workshops which will involve participants from the public and private sector entities.

b) Phase 2

The core of this phase involves the implementation of the Action Plan. Priority agencies will benefit from the day to day leadership and expertise of a long-term resident Advisor. Quarterly progress reports will be submitted to a specially appointed Task Force consisting of representatives from private sector bodies and Government Officials. The final output of this is the institutionalization of the reform process so that the Task Force will be in a position to assume the role of change agent to ensure that procedural improvements are ongoing.

Funding has already been identified for this project through agreement in principle with the USAID. It is expected that a submission will be made to Cabinet in this regard by late October (1999), with proposed commencement of the project in November 1999. A detailed timetable is being developed, however early indications are that Phase 1 will be completed within 3 to 6 months of the start date. The timescale for Phase 2 will be determined once Phase 1 commences.

The PSOJ recognized the work that has been achieved thus far in the area of Development Approvals and Business Facilitation. It noted, however, that the process was not yet complete and that more work needed to be done in these areas.

2.8 Bureaucratic Impediments: Free Zones

It is reported that obtaining some decisions from the Ministry of Industry and Investment is extremely time consuming, for example in matters relating to the establishment of Single Entity Free Zones.

It was noted during the consultations that the Ministry of Industry and Investment does not have sole authority in making decisions regarding Single Entity Free Zones and as such, it has to seek the approval of other entities, such as the Ministry of Finance and Planning in this regard.

The Ministry of Finance and Planning reports that the average processing time for incentives (straightforward cases) under the Free Zones Act is 3 - 5 days. It should be noted however that there are borderline cases (application for incentives) where there are controversial issues that require a longer processing time.

Notwithstanding this fact, however, since the establishment of the Jamaica Free Zone Council, free zone applications are being processed without

delay and no complaints have been received. MII records show that the average processing time for Single Entity Free Zones is within 4 to 5 weeks of submission of applications and efforts continue to be made to reduce this period. Currently, there is one application pending approval for Single Entity Free Zone status and 12 have been granted.

The PSOJ was satisfied that the measures taken in this area, viz. the formation of the Free Zone Council, were working sufficiently well in dealing with the problem that had been identified.

2.9 Labour Market Reform

2.9.1 Productivity Incentive Schemes

The PSOJ proposed the introduction of a legislative framework to allow for tax concessions as part of productivity incentive schemes for workers.

Tax benefits under this scheme were removed in January 1995 because of difficulties in getting companies to design appropriate schemes. At that time, it was considered that the regime proved to be distortionary by creating inequities in the wider labour force. Presently, only the Bauxite Companies have schemes in place.

The President of JAMPRO informed the meeting that JAMPRO was currently working with the Shipping Association to develop an appropriate scheme for the shipping industry. The challenge therefore was to develop genuine schemes in other sectors that satisfied set productivity criteria.

The PSOJ noted that the time lag between the submission and approval applications for Productivity Incentive Schemes was too long and that the processing time needed to be accelerated.

During the consultations, it was agreed that productivity schemes that were assessed and deemed to be genuine in nature would be accommodated. As directed in the proceedings, JAMPRO prepared a report entitled "Guideline for Productivity Incentive Schemes" which was circulated to the private sector representatives for information. See 2.9.3 for related issues.

JAMPRO's report outlined the characteristics of a good scheme, as well as expectations in terms of the design framework of the scheme including the process of evaluation of productivity performance. The

report explained that productivity goals must be geared towards obtaining maximum output from the least amount of input.

2.9.2 Individual Retirement Savings Schemes

The PSOJ proposes that a Retirement Savings Scheme be established to provide retirement income for self-employed and other persons and to supplement pension payments for persons in superannuating schemes.

Clarification is required as to the initial source of funding for this type of scheme.

During the consultations, it was noted that measures are underway to introduce a new Pensions Act and it was also agreed that a sub-committee should be established to examine labour issues.

2.9.3 Labour Reform

The sub-committee with responsibility for labour market presented a report entitled "**Labour Market Reform**". This report identified the following as major areas of focus:

- Education and Training
- Productivity
- Labour Policy
- Employment.

Of particular concern was the level of literacy in general and the need for higher professional/managerial/technical and vocational skills among the workforce. Productivity criteria focuses inter alia on the industrial relations climate, employee mobility, incentives for productivity and increasing employment in general. An area of significant importance relates to Labour Policy.

- a) Working a 40-hour week, as opposed to an 8-hour day with overtime as applicable.
- b) Declassification of Sunday as a Premium Day, and making this classification applicable to Rest Days.

- c) Speeding up of proposed legislation for a National Pension Scheme and a National Health Insurance Scheme based on tripartite consensus - labour, management and unions.

During the consultations, it was noted that a lot of the delays with labour-related issues, particularly in terms of a more flexible working time, were due to the private sector itself. The particular case of the unions was noted.

NOTE:

One matter not placed on the Agenda of the consultations by the PSOJ, but raised, but which is noted here, relates to its opposition to the legislation being proposed for changing the definition of a worker to include contract for service.

Having highlighted the areas of concern, the committee proposed recommendations for action to be taken.

- a) Amendment of various Acts:
- The Minimum Wage Act - to reflect flexible working hours. Special attention should also be given to the garment industry.
 - The Shops and Offices Act - to reflect current business needs, eg. Rest Day closure for Uptown and Downtown.
 - The Towns and Communities Act.
 - The Employment of Women Act.
- b) Establishment of mechanisms and facilities for a tripartite approach to education and training. Greater support should be provided for the certification of workers entering the labour force, including the provision of tax incentives to companies for staff training and development.
- c) Establishment of a National Productivity Centre, as well as expansion of the role and functions of JAMPRO's Productivity Centre.
- d) Establishment by Government of childcare facilities at strategic locations.
- e) Greater infrastructure development to generate new jobs, including social infrastructure - improved public transportation, a reduction in the level of crime and violence.
- f) **Education and Training** - special initiatives related to projected growth areas for the economy: -

- Information Technology
- Tourism
- Entertainment & Sports
- Small and Micro business

Also, provide tax incentives to companies for Staff Training and Development and;

Improve outputs from formal education system which relate to macro indicators on Education and Training used for investment decisions.

- g) Productivity** - Income tax relief for a wider range of Productivity Incentive Schemes by speeding up the implementation timetable of the Government's task force on productivity incentives.
- h) Employment** - Establish initiatives for business growth, for example for small and medium enterprises (SMEs) and provide incentives for companies offering apprenticeship training.

The observations made in this report were brought to the attention of the Ministry of Labour, Social Security and Sport for comments. That Ministry has advised that it has no objection to the proposals relating to education and training, productivity, the labour policy and employment. The Ministry believes that most of these proposals have already been discussed by the Tripartite Labour Advisory Committee. A final meeting of that committee will be held by late October (1999), after which it is expected that these matters will be submitted to the Government for a decision.

2.10 The Life Insurance Industry

2.10.1 Stamp Duty

The PSOJ has requested that Stamp Duty on life insurance policies be abolished. The Industry contends that this duty reduces the attractiveness of local policies vis-à-vis overseas policies.

The Ministry of Finance and Planning reports that the question of Stamp Duty has already been addressed by the Government of Jamaica. There is now a flat administrative fee of J\$200 applicable on new life insurance business. This change took effect on 1999 July 01. Prior to that Stamp duty was levied as a percentage of the sum insured.

During the consultations, the PSOJ agreed that measures already taken by the government in this regard were a step in the right direction.

2.10.2 Illegal Marketing of Policies In Jamaica

The local industry is concerned about the illegal marketing of life insurance policies in Jamaica by overseas companies.

The Office of the Superintendent of Insurance (OSI) advises that the marketing of life insurance policies in Jamaica by overseas companies is illegal. While such action is in breach of Section 5 of the Insurance Act, it is very difficult to monitor the situation since the persons involved do not set up offices locally and conduct their activities from pre-arranged locations. The main recourse of the OSI is to seek the assistance of insurance authorities in the country of domicile to have the practice stopped.

This is however a limited recourse in view of the fact that overseas insurance laws may not prevent such trading. The Office of the Superintendent of Insurance has nevertheless given the assurance that it will seek to step up its campaign to raise public awareness with regard to the potential hazards of purchasing such policies.

During the consultations, it was agreed that the industry itself should also inform the public on the matter.

2.11 Urban Renewal Legislation

It is proposed that the scope of existing legislation be widened to apply to urban renewal island-wide.

The Urban Renewal Act currently allows for the provision of incentives for the regeneration of urban centres anywhere in the island.

During the consultations, the PSOJ agreed that the measure already taken by the government in this regard was satisfactory.

2.12 General Consumption Tax

2.12.1 GCT on Coverings and Containers

The PSOJ paper highlights a specific complaint by one of its members regarding the payment of duty and GCT when it has been observed that some of the company's competitors do not. The example given is GCT on plastic bags and T-shirt bags.

The General Consumption Tax Act provides for the zero-rating of coverings and containers designed for the packaging of agricultural goods and those supplied to a manufacturer. Plastic bags and other coverings sold under other circumstances are subject to tax at the standard rate.

During the consultations, the PSOJ recognized and accepted the zero-rated exemption that exists for plastic coverings and containers sold to manufacturers as well as businesses in the agricultural sector. The matter was, however, deferred for more detailed study by a PSOJ sub-committee that was set up to examine issues relating to GCT and customs. See 2.12.3 for related issues.

A high level team would then be established to consider the changes to the operations of the general Consumption Tax (including the simplification of the system) that were being recommended by the PSOJ. This team would include Mr. Clive Nicholas and officials of the ministry of Finance and Planning as well as representatives of the PSOJ.

2.12.2 GCT on Capital Goods

A proposal was made for the immediate recovery of GCT paid on productive capital goods, instead of after a 24-month period.

The General Consumption Tax Department reports that Regulation 10 of the existing GCT Regulations currently provides for all input tax to be claimed immediately under specified circumstances. This provision is applicable where consideration for such machinery or equipment is \$20,000 or less, the machinery or equipment is approved under the Modernization of Industry Programme and the value of the goods exported is at least 25% of the total value of goods manufactured or an amount equivalent in Jamaican dollars to US\$5,000,000. An amendment was submitted to Cabinet in 1996 to afford an immediate tax credit on capital goods, excluding motor vehicles.

2.12.3 General Consumption Tax Provisions

The PSOJ proposed the establishment of a sub-committee to study in detail matters relating to GCT (and customs). As proposed, GCT-related issues were incorporated into the sub-committee's report entitled "General Operations at the Ports and Public Bonded Warehouses and the Incidence of Illegal Imports" which was presented to the full committee.

The main points highlighted in the report relate to the need for urgent revision of the GCT Act. Strong concern was expressed by the PSOJ in relation to enforcement of the Act and the collection of GCT revenue. This Primary issue rests on the basis that under current provisions an offence is deemed to be committed in the case of non-compliance by a registered taxpayer. Yet it is expected that any business person engaged in the supply of taxable goods and services, once the prescribed limit of \$144,000 is surpassed, should register and obtain a GCT Number for the business. The difficulty is created with regard to unregistered persons.

It was further argued that where non-compliance is discovered, the Act does not provide for retroactive punishment but rather supports immediate registration and commencement of payment of GCT. Even in terms of 'obtaining money by false pretences' the process requires the submission of statements by purchasers, many of whom are not willing to come forward. The report explains that in practice, this means that non-compliance with the GCT Act is rife. On the basis of the circumstances described, the sub-committee concluded that in view of the peculiarities of the ACT, the action desired of the Commissioner of GCT would in fact be limited in this regard.

The report of the sub-committee urges immediate action in terms of legislative reform. It is proposed that the GCT Act should be amended to make non-compliance an offence for any company or person who should be registered for GCT, and has not been so registered, but has sold goods in Jamaica with or without the collection of GCT. Any amendment should also include provision for the Commissioner of GCT to be able to raise an assessment based on known facts and back charge the GCT due, whether collected or not, with the necessary penalties and interest applicable.

The PSOJ urged Minister Robertson to support and propose to the government the setting up of a specially appointed high-level committee to look into the GCT-related issues raised.

2.13 New Product Registration

The PSOJ contends that there is a cumbersome and lengthy approvals process for pharmaceuticals and pesticides, especially the registration of new products.

The Pesticides Control Authority and the Pharmaceutical Services Division of the Ministry of Health have developed guidelines for the registration of new (and existing) products. In the case of the Pesticides Control Authority, information provided indicates that in the case of registration, the maximum time for assessment and decision is 120 days and the average time is 40 days. Both entities maintain that a major hurdle in expediting the processing of applications is the provision of timely and complete information by applicants.

During the consultations with the PSOJ, it was agreed that both the private sector and the relevant government agencies should cooperate to ensure that approvals are issued in a speedy and efficient manner.

2.14 The Role of the Bureau of Standards

The PSOJ has expressed the view that the emphasis by the Bureau should be on the development of standards and the certification of products and processes in keeping with national standards, and not on product testing, which should be done by the private sector. It is felt that the Bureau should be more accommodating with regard to laboratory accreditation. Every effort should be made to accelerate the process of accrediting private laboratories. It is also proposed that the Bureau of Standards should discontinue the application of standards that are not based on established Hazard and Critical Control Point (HACCP) requirements.

The Jamaica Bureau of Standards reports that it is in agreement with the PSOJ's proposal that its focus should be on health, safety and consumer protection issues. Bearing this in mind, it should also be noted that its functions are wide-ranging. It is therefore not clear as to which of the Bureau's functions are not directly related to these issues.

The Bureau has indicated that it stands ready to accredit all qualified private laboratories which meet the required criteria. The Bureau is also in support of HACCP practices and is currently working towards the establishment of an appropriate legal and infrastructural framework to meet the requirements. The Bureau maintains that the absence of HACCP-based regulations should not prevent safety-conscious firms from implementing HACCP systems voluntarily.

During the consultations, the PSOJ expressed major concern regarding the Bureau of Standards. Against this background, the Ministry of Commerce

and Technology provided an update on the policy direction regarding the Bureau.

It was agreed that the Ministry of Commerce and Technology should submit a report on the Bureau. In order to present their position to the government, it was agreed that the private sector should establish a sub-committee to examine the work of the Bureau. A report entitled "Report on the Bureau of Standards for GOJ/PSOJ Consultations" was submitted by MCT to the full committee on 1999 October 8.

The sub-committee's report entitled "Actions to be taken to Reform the Jamaica Bureau of Standards to Facilitate Growth in Local Manufacturing and Non-Traditional Exports" was also presented at that meeting.

The primary areas of focus of the sub-committee's report were on the legislative framework within which the Bureau operates - The Weights and Measures Act, The Standards Act and The Processed Foods Act - as well as on other general issues. With regard to these areas various observations were made:-

a) Laboratory Accreditation

The sub-committee cited as an issue the fact that only two (2) laboratories are currently accredited. It is felt that the Bureau, by virtue of acting in competition with these laboratories makes it difficult for processors to exercise free choice in using the services of these laboratories by restricting the range of tests these labs can do, while the Bureau retains control over sampling. Batch sampling is described in the report as adding to the cost of production and as a revenue raising mechanism of the Bureau.

The committee therefore rejects the position as stated by the Bureau and the Ministry of Commerce and Technology that the JBS is willing to delegate responsibility to accredited laboratories that fulfill accreditation obligations. The Bureau's response is that the sub-committee's report is "a mixture of fact and fiction", particularly if one takes into account the fact that the accreditation of private laboratories was an initiative of the Bureau itself and the JBS has difficulty in accepting the PSOJ's position that the Bureau would not wish to cooperate in this matter.

b) The Processed Foods Act

The sub-committee felt strongly that the Bureau should not act in a way which is prejudicial to the interests of the productive sector - as judge, jury and executioner. The view was expressed in the committee's report that the Bureau seeks to enforce regulations which it in turn interprets to secure its own existence and dominance over the sector. The committee reports that "No other Caribbean island has such an Act that is enforced. To do so would put their producers at the kind of disadvantage that exists in Jamaica".

The sub-committee also rejects the position of the Bureau that it is constrained by law to pursue the batch testing of foods for export. Both the Ministry of Commerce and Technology and the Bureau have indicated that this situation will be addressed with the introduction of a new Processed Food Act.

In their report, the sub-committee made the following recommendations:

- As the new millennium approaches, the Bureau needs to be strengthened to be able to craft regulatory responses in Jamaica's best interest.
- The JBS should work in close collaboration with the private sector, for example through a JBS/private sector team, in terms of participation in international fora on matters relating to standards and international trade.
- Changes in the focus, orientation and laws governing the Jamaica Bureau of Standards which have been promised for some time by the Ministers responsible for the JBS should be enacted without delay.

The Bureau maintains that a number of the recommendations proposed by the sub-committee have already been submitted to policy-makers and work is on-going in the reform process.

During the consultations, it was also proposed that a similar sub-committee should be established to review the work of the Scientific Research Council, with a view to seeing how the SRC can provide greater assistance to the manufacturing sector.

The sub-committee reported that the work of the Scientific Research Council lends itself to assist with product development since the SRC has all the necessary equipment/facilities which many small companies cannot afford. The sub-committee concluded that every effort should be made to have the services more available to companies and that there should be a

closer working relationship between the Bureau of Standards and the Scientific Research Council.

2.15 Expired Products

The PSOJ Paper documents a specific complaint by the Jamaica Drink Company regarding expired soft drinks from the United States of America at prices which are reportedly sold on the Jamaican market below the cost of production.

The Customs Department and the Jamaica Bureau of Standards are aware of the situation and have stepped up vigilance to prevent the entry and distribution of expired goods.

During the consultations, the PSOJ requested that it be informed of the specific measures that would be developed by the relevant authorities to deal with this problem and also, how and when these measures would be implemented.

It was also noted that a consultant's document has been prepared on what services can be divested (SIDA/SWEDAC). The organizational structure of the Bureau does not therefore need to be re-examined.

2.16 Acceleration of the Land Administration and Management Programme (LAMP)

It is believed that delays in the titling, valuation, transfer and registration of lands are impeding development.

The Land Policy Unit of the Office of the Prime Minister has in place a schedule of activities relating to LAMP and land registration in general. Programmes have also been developed to issue land titles to persons in land settlements and housing schemes on a phased basis, with a proposed delivery rate of approximately 8,000 titles per annum over the next 3 to 5 years. Hi-tech Global Positioning Systems (GPS) and a Cadastral Mapping Programme are being developed to speed up the conduct of surveys, which is a prerequisite for the issuance of titles.

During the execution of these programmes, national and parish level public awareness campaigns will be undertaken to inform the general public of the benefits, rights and responsibilities associated with registered land ownership. Mediation services to assist individual landowners in the resolution of conflicts associated with parcel boundaries, ownership rights and inheritance issues will also be provided. The government will also

consider facilitation of "family lands" within the formal system, public education on the legal procedures, options, rights and responsibilities of owners, as these pertain to tenure, land use and development.

During the consultations, the PSOJ supported the ongoing work being undertaken by government in this area.

2.17 Electricity

The PSOJ has expressed the view that more needs to be done to provide lower cost electricity to the productive sector. During the consultations, it was also indicated that JPSCo should state clearly its policy on damage to equipment and appliances as a result of interruptions in the power supply.

JPSCo reports that a number of initiatives are either in place or will be effected over the next two years to lower electricity costs to the target sectors. The average rate is currently 12.5 US cents per kilowatt-hour.

- a) The Economic Development Initiative for large users. This initiative utilizes lower pricing over a three-period day to encourage large industrial customers to shift their electricity demand from peak to off-peak times. In order to qualify, customers must have a minimum demand of 1,500 KVA. It is estimated that customers satisfying the eligibility criteria could achieve savings in excess of 8% on their energy bills. Thus far, there are only three (3) companies on this programme.
- b) General Revision of Tariff. JPSCo plans to conduct a comprehensive rate review before the end of the 1999/2000 fiscal year. The review will inter alia examine the long-run management cost structure and seek to address the prevailing cross subsidies and tariffs. These rates will be subject to the scrutiny and approval of the Office of Utilities Regulation.
- c) Capacity Expansion Strategy geared at reducing generation costs. This strategy involves the use of advance generation technology, larger plant sizes for scale economies and cheaper financing. With cheaper production costs, the company will be in a position to offer more competitive prices to the productive sector.

JPSCo reports that it has pushed energy efficiency to the commercial and industrial sectors through a Demand Side Management Demonstration Project which has been in operation over the past five (5) years. The response from the target sectors has been below expectation. The impression is that firms are either unable or unwilling to invest in high

return projects leading to more efficient energy usage in their productive activities.

This matter was discussed extensively during the consultations. The PSOJ maintains that electricity rates are still too high. Also companies are unable to take advantage of the lower rates by operating night shifts due to inadequate transportation for workers and the security threat to workers at nights. See Section 2.18 for related security issues.

The PSOJ also reiterated its position that JPSCo should state its policy regarding damage to equipment and appliances as a result of disruptions in the power supply.

The government side undertook to take up these concerns once more with the Ministry of Mining and Energy and the JPSCo, with a view to seeking closure on the issues raised by the PSOJ. JPSCo submitted on 1999 October 12 an update on the company's expectations regarding the reduction of electricity to the productive sector during normal working hours as well as a document entitled "Policy Position: Damage to Equipment as a Result of Interruption in the Power Supply" which were brought to the attention of the PSOJ.

With regard to lower electricity rates, JPSCo has advised that the current average rate of 12.5 US cents/kWh reflects a price structure which allows the company to recover the costs of generation, transmission and distribution of electricity nationwide. The industrial sector - Rate 50 (Large Power) however pays an average rate of 10 US cents per kilowatt-hour and this is the lowest average tariff charged to any customer class. JPSCo notes that while savings are possible during off-peak hours, there are little or no opportunities for lowering rates during peak or normal working hours. This is so because the rates applicable to this period capture the company's increased production costs as a result of having to dispatch to fuller capacity its generating units operating at high variable costs to meet the greater demand. JPSCo reports that it serves a peak load of up to 512 megawatts (measured as at August 1999). The company argues that unless a major shift is observed in customer demand patterns from peak to off-peak, then the JPSCo will not be in a position to adjust its rates without compromising the recovery of costs.

With regard to damage to industrial equipment and household appliances, JPSCo states that it is the company's policy for all claims for damage to be processed in accordance with the general principles of negligence. Settlement is undertaken on the principle that the customer should be returned to the same position he/she would have enjoyed had the damage not occurred. This can involve repair of the equipment or the offer of a comparable sum for replacement. The company also reports that on the

basis of intervention by the Ministry of Commerce and Technology, amendment of the Liability Clause is currently being undertaken. A draft was submitted to the Office of Utilities Regulation for review and comment on the draft was sought from the Consumer Affairs Commission. It is hoped that in the interest of achieving greater transparency this amendment to the Liability Clause will allow for greater understanding on the part of consumers of the mechanism by which claims can be presented and settled.

It should be noted however that under the proposed new Liability Clause that whereas JPSCO undertakes to use reasonable diligence in providing the consumer with a steady and continuous supply of electrical energy, the company will "not guarantee such supply against surges, fluctuations, interruptions or failure".

2.18 Security and Justice

2.18.1 Security of Goods and Personnel

The PSOJ paper places emphasis on the existence of high operating costs in doing business. A major concern is the cost component expended by companies to safeguard the security of personnel and goods. A case in point is the prevention of contamination of exports. The high crime level in some areas has had a direct impact on the reduction in productivity. Employers report that the fear of crime and violence creates resistance to working overtime, late at night and on shifts. There are also reports of underworld extortion at construction sites and business places.

Security measures relating to crime and violence in general (individuals and commercial enterprises) are currently being addressed by the Ministry of National Security and Justice. Representatives from that Ministry participated in the consultations and outlined measures taken recently to improve the Resort Patrol, both in terms of its image as well as operationally. The representative also provided information on the acquisition of new radar equipment by the Ministry for use in the detection of illegal items concealed in barrels and other containers entering the ports and airports.

Notwithstanding the above, the PSOJ stated that this issue remained of major concern to them.

During the consultations, a specific concern was raised about the large quantities of cocaine and guns being smuggled into

the country via Black River. This PSOJ expressed the view that this practice was prevalent and continues uninterrupted as a result of the lack of any customs and security presence at the Black River Port.

The Ministry of National Security and Justice was asked to present a written report on the matters raised by the PSOJ. See 2.18.3 where related issues are discussed.

2.18.2 The Judicial System

The PSOJ is concerned about the lengthy and protracted process of litigation from commencement of civil/criminal action to resolution. Some specific concerns raised include the need to establish a commercial court, delays in obtaining dates from the Registry for the hearing of Interlocutory applications, court files being often out of place and the time-consuming process of perfecting of Orders through the Registry. Other issues not mentioned in the PSOJ paper but raised in the consultations include witness protection, lengthy preliminary enquiries and bail.

The Office of the Chief Justice reports that a number of measures to address delays in the judicial system are being considered or have been implemented. The Office is currently pursuing an initiative with a view to having the civil procedures rules of Jamaica revised to permit case flow management. Case flow management will introduce into the system a settlement week where every matter filed in the court comes up with a view to settlement prior to commencement of the trial. If an offer is made at this time and is 'unreasonably' refused and a smaller amount is recovered at the trial, then the litigant is penalized in costs. Under the proposed system, judges will have the authority to refer matters to mediation depending on the appropriateness of the case.

The Office reports that the situation has improved immensely in Resident Magistrate Courts where many civil cases are being disposed of in the Night Court. The proposed establishment of a Small Claims Court will have a tremendous impact on the rate of case disposal. The Office has, in respect of criminal cases, made proposals in the past regarding a Regional Gun Court and the sitting of certain Rural Circuit Courts on a continuous basis.

The Office of the Chief Justice cites a reluctance of the Jamaican Bar Association to accept change as an impediment in some instances in the implementation of new measures.

This matter was discussed in detail. Particular reference was made to the need for a commercial court. During the consultations, the Office of the Chief Justice gave an update on developments in terms of improvements to the justice system - pre-trial discussions, computerization of the Supreme Court, the proposed electronic filing of documents, the taking on of additional staff (appointment of a second Registrar, appointment of additional Supreme Court judges and the taking on of more support staff) and signature of orders by judges.

The PSOJ argued that there is a need to recognize the importance of an effective witness protection programme, the need for confidentiality and confidence in the system, the need for safe houses and a quick trial. Other concerns related to the proposed Commercial Court, the elimination of protracted preliminary enquiries and more efficient utilization of time by people who have to interface with the system (e.g. cases called for mention on numerous occasions). The issue of bail was also mentioned.

The Ministry of National Security and Justice presented a report on the issues raised. The report explains *inter alia* that:

a) The Witness Protection Programme

The Witness Protection Programme will operate as a Secret Service Agency. It enjoys the full cooperation of the Office of the Director of Public Prosecutions and the Office of the Chief Justice. The programme is designed to reassure, protect, encourage and enable witnesses in Criminal Court proceedings to and whose lives and properties are under threat to avail themselves to give evidence willingly. After the process, the programme seeks to reintegrate the witness into the normal life of the Jamaican society or overseas. Currently, there are 100 cases actively being serviced. They are primarily high profile cases and the programme has a 95% success rate of the accused being brought to trial, found guilty and given appropriate penalties.

b) The Commercial Court

The establishment of a Commercial Court in Jamaica has been accepted in principle. Drafting of the appropriate rules by the Rules Committee of the Supreme Court has commenced. The Office of the Chief Justice is to designate the date when the Commercial Court will come into operation.

c) The Bail Act

The report noted that the Bail Act has been introduced to Parliament and debate on the Act will commence shortly.

Whereas, the information provided by the Ministry of National Security and Justice was well received, the PSOJ expressed disappointment that there is no declared timetable for the introduction of the Commercial Court.

2.18.3 Security Issues Affecting the Tourism Industry

During the consultations, through the PSOJ, the JHTA expressed concern about the negative impact of crime and violence on tourism sustainability. Particular reference was made to tourist harassment and the activities of the Resort Patrol.

Within the context of the consultations, a report entitled "Recommendations for Addressing Security Issues Affecting the Tourism Industry" was submitted by the JHTA to the PSOJ and copied to the Ministry of Industry and Investment. The JHTA highlights as a priority area the sustainability of the tourism industry - an industry which is considered to be one of the main pillars supporting the Jamaican economy.

a) Zero Tolerance

The report was critical of the highly publicized "Zero Tolerance" strategy which appears not to have had the desired support for success in terms of any obviously discernible positive or high impact results. The JHTA is calling on the government to ensure the proper execution of this strategy in an attempt to spur the reawakening of general respect among the population for law and order at all levels and to instill in our people a greater degree of discipline in the conduct of their everyday activities. In this regard it was felt that creative application of procedures in and around town, even in terms of road use (blatant traffic offences), anti-littering measures and control of noise pollution (eg. night noises) would go a far way in improving the environment in areas frequented by tourists.

b) Anti-Harassment Measures

It is considered that while anti-harassment measures in tourism towns and resort areas have been somewhat successful, there is need for the scope of these activities to be focused on a much wider area. Due consideration should also be given to conducting routine (discrete) electronic surveillance in these areas.

c) Resort Law Enforcement

The view was expressed that every effort should be made to recruit higher calibre personnel to serve on the Resort Patrol. The JHTA would wish to see less congregation of officers on patrol in any one location. Regular training should be provided for the Resort Patrol and officers should be appropriately remunerated for their efforts.

d) Community Involvement

The report urges the government to step up its campaign to educate the public and to get communities involved in the engendering and preservation of a safe, hassle-free and tourism-friendly environment. The aim should be to demonstrate in as illustrative a way as possible the direct link between public tolerance of harassment and the negative impact on jobs and economic prosperity. Messages targeted at the community should urge individuals to take a personal stand whenever they see harassment occurring.

Citizens should be strongly encouraged to engage in civic beautification exercises. The seedy appearance of resort towns creates the expectation of increased security risk. The dilapidated structures of buildings for example in resort towns should not be left in their unattractive state, where they can provide a fertile breeding ground for criminality to flourish. Improved sanitation (public and private), maintenance of buildings and roadside infrastructure, signage and lighting and an appreciation for orderly planning and aesthetics will assist in achieving this objective.

The Police should work at building better community relations so that the Police Force can rebuild trust, demonstrate due respect for citizens and foster cooperation from the community in their fight against crime.

In the JHTA report, the following recommendations were made:

- There should be increased fines and penalties for non-compliance with the appropriate regulations, eg. the Anti-Litter Act, the Night Noises Act, the Road Code and anti-crime legislation in general.
- It is proposed that the radius covered by the Resort Patrol should be widened beyond the city centre and hotel strip to incorporate in some measure the wider environs.
- There should be formalized contact between the Police Authorities and the JHTA Security Advisory Committee to facilitate brainstorming and monitoring progress in areas of mutual interest.
- The government for its part should rehabilitate public infrastructure, create incentives for building improvements and legislate new and/or enforce existing guidelines for the proper maintenance of buildings in resort towns.
- Priority should be given to rehabilitation in correctional facilities in this country. The activities of criminal deportees, who are considered to be a significant contributory factor to the perceived increase in crime and violence, should be systematically monitored. There should be an established computerized registry of all deportees. Within the classification adopted, certain categories regarded to be highly at risk of criminal involvement should be required by law to report periodically to pre-designated Police Stations or another appropriate institution or be asked to serve a mandatory quasi probationary period during which their activities would be closely monitored.
- The government should act to reduce the long delays in bringing cases to trial. This should involve streamlining the system by all necessary and practical means, including longer court hours and improved case scheduling.
- Options to be explored include reintroduction of capital and corporal punishment for reprehensible crimes. The JHTA urges the political directorate to demonstrate its will to turn the tide on crime and respect the public's desire to see justice delivered more swiftly.

The JHTA endorses the findings and several of the recommendations set out in the government's Master Plan for Sustainable Tourism Development - Diagnostic and Strategic

Options under the section entitled "Personnel Security and Harassment".

The Ministry of National Security and Justice, in its report entitled "**The Contribution of the Ministry of National Security and Justice to the Tourism Anti-Harassment Effort**" indicates that visitor harassment has been an on-going problem that is quite complex and has been perpetrated at various levels in the society. Importantly, it is necessary to define pellucidly the concept of "harassment". Harassment herein and within the tourism sector is defined as "annoying continually or repeatedly with the offer of goods and services for sale". Care should be taken so as not to confuse issues of violence against tourists with issues of harassment of tourists.

The Ministry of National Security and Justice has long seen this as an important issue area worthy of much consideration. To this extent, there is a portfolio responsibility within the Security and Narcotics Division which has, among other things, the explicit task of addressing harassment issues; this being the Directorate of Port and Tourism Security.

a) The Resort Patrol

The Ministry of National Security and Justice reports that the resort areas of Port Antonio, Ocho Rios, Montego Bay and Negril are presently being served by the Resort Patrol Service. Personnel deployment in these areas shows:

Port Antonio	13 Security Officers
Ocho Rios	31 Security Officers
Montego Bay	30 Security Officers
Negril	23 Security Officers

This gives a total of 104 Security Officers, who are directed by 13 Unit Leaders and 4 Station Controllers, all under the portfolio responsibility of an Operations Manager at Port Security Corps Limited. The Resort Patrol operates where their services are required by the Tourism Product Development Company (TPDCO) and as such, patrol prescribed corridors/zones in the resort areas.

The Ministry of National Security and Justice reports that the overall performance of the Resort Patrol Service has been commendable and this is evidenced in the monthly reports received from TPDCO. In spite of this, there has been a

lingering complaint of Officers converging for extended periods of time and efforts are being made to address this matter.

The past year has seen the resurgence of vitality and effectiveness of the Resort Patrol Service. There has been a renewed synergy between the Police and the Service with satisfactory results. There are now joint patrols with the Police giving supervisory monitoring. On an ongoing basis, Security Officers of the Resort Patrol Service receive refresher training from TPDCO, Police Tourism Liaison Officers and the Port Security Corps Limited. Security training in this regard was recently conducted by TPDCO at Roaring River from 1999 August 24-27. The training with Police management has served to enhance the capabilities of the Resort Patrol Service. This was evidenced in the period of the Spring Break and the sick-out occasioned by the Police in June 1999. By their visible presence and numerous arrests, crime and harassment in the avenues of operation have been considerably reduced.

A summary of the Arrest Report on the operations of the Resort Patrol Service for the months of July and August 1999 is provided below. July's report reveals that during the period under review a total of twenty-eight (28) persons were arrested in the resort areas which resulted in forty-five (45) charges imposed on the accused.

<u>Arrests</u>	<u>July</u>	<u>August</u>
Port Antonio	4	10
Ocho Rios	8	15
Montego Bay	7	9
Negril	<u>9</u>	<u>11</u>
Total	28	45

b) Anti-Harassment measures

In summary, the functions of the Security and Narcotics Division in relation to visitor harassment are as follows:

- Working with the Office of the Prime Minister (Tourism), the Jamaica Tourist Board, the resort Patrol and the Police through its Liaison Officer to develop and review systems for tourism security, including visitor harassment and ensuring the safety of tourists.

- Monitoring the work of the Tourism Resort Patrols.
- Working with the Ministry of Environment and Housing and Tourism Agencies towards effecting the removal of squatter communities in the environs of tourism resorts.
- Participating in monthly meetings of the Tourism Resort Patrol, Resort Boards and other meetings with the Minister of National Security and Justice may have with tourism interests from time to time and effecting follow-up actions, where necessary.
- Convening meetings of the Tourism Anti-Harassment Committee and carrying out follow-up actions, as necessary.

The Ministry of National Security and Justice, working in tandem with several other organizations, particularly the Tourism Product Development Company (TPDCO), has been instrumental in reducing significantly the overall level of visitor harassment. While the problem has not been eradicated the existing low level, when compared to that in the recent past, has been encouraging. The following activities also demonstrate the nature of the initiatives that have been undertaken by the Ministry:

- Night Courts in resort towns.
- Establishment of Resort Patrol Units to patrol specific zones/corridors.
- Patrolling of major beaches in resort areas.
- Review and reconfiguration of the administrative structure of the Resort Patrol. For example, Resort Patrol personnel are now being deployed along with Police Officers. There is also in place mechanisms for improved selection, training and deployment of officers, as well as monitoring systems. There is also a new look for the Resort Patrol, portraying a dual role of Information Officers and Protectors. Gentler, friendlier-looking uniforms have replaced the previous para-military appearance. Other measures implemented include:
 - Police bicycle patrols have been implemented.

- Illegal Baggage Handlers have been removed from the airports.
- Vehicles illegally parked at arrival areas of the Airports are being removed.
- There are improved security measures at cruise ship piers, particularly at the Ocho Rios Pier. There has been an increased emphasis on drug interdiction at the piers.

2.19 The Shipping Industry

2.19.1 Registry of Ships

The PSOJ proposes to put in place a registry of ships. This is seen as a necessary accompaniment to the establishment of the Maritime Authority.

The Maritime Authority has prepared a Ship Registration Action Plan which outlines priority issues for the establishment of an International Shipping Registry. This is scheduled for implementation in October 1999.

It is expected that significant foreign exchange earnings can be made from affording not just Jamaican nationals the facility to register their ships under the Jamaican flag but also other approved individuals and corporations.

The PSOJ agreed that measures already taken by the government in this regard were satisfactory.

2.19.2 Tax Incentives for Ownership of Ships

A proposal has been made for the establishment of a tax incentive regime for ship owners.

The Maritime Authority was established to facilitate the development of a viable indigenous shipping industry. The Shipping (Incentives) Act which is administered by the Ministry of Transport and Works currently provides for incentives for companies wholly owned by Government or in which it has the majority interest. A potential issue to be clarified would be whether such incentives should be confined to commercial/cargo shipping or extended to other shipping/boating activities.

An amendment of the Act could be contemplated to extend its benefits to other players, including individuals.

During the consultations, it was agreed that a member of the PSOJ would foster closer collaboration with the Maritime Services Industry Advisory Council (IAC). In a letter dated 1999 September 29, the Chairman of the Maritime Services IAC formally invited PSOJ participation in the work of that Cluster as envisaged under the National Industrial Policy (NIP).

2.20 Transport and Works

2.20.1 Transportation

Road congestion is a major area of concern. It is also felt that an update is needed on the situation regarding rail transportation.

The Ministry of Transport and Works has detailed programmes in place to address the transportation and road concerns indicated with specified timeframes and extensive work scheduled for completion within the current financial year. It should be noted that the duties and responsibilities currently attached to the position of the Chief Technical Director will be re-assigned to the Chief Executive Officer of the new Executive Agency to be known as the National Road Agency.

The Urban Traffic management Programme was instituted in fiscal year 1998/99 which seeks to improve the movement of traffic in Montego Bay and the Corporate Area, where traffic congestion is a major problem. The programme will involve the upgrading of approximately 90% of equipment at intersections during the current fiscal year. It also involves the connection of approximately 60% of traffic signals in the Kingston metropolitan region to the Central Control and the introduction of a pilot programme involving camera surveillance for monitoring the flow of traffic.

Last year the Urban Transit Company began operations in the Eastern Franchise. Since then, efforts continue to complete the infrastructure necessary for the operation of the other franchises and upgrading of the system as a whole.

With regard to rail transportation, a Memorandum of Understanding was signed between the Government of Jamaica and Rail India Technical and Economic Services Limited (RITES) in connection

with a restart of rail services. Track inspection is underway and service is expected to commence within a few months.

During the consultations, the matter was discussed extensively. While explanations were provided in terms of the strategic direction forward, there appeared to be general dissatisfaction with the transportation system as it exists now.

There was an acknowledgement of the work being done by the Ministry of Transport and Works in this area although general frustration was expressed about the acute nature of the problem as it currently exists.

2.20.2 Road Conditions - Newport West

Due consideration should be given to the fact that an efficient road system in the port environs is important for the survival of the shipping industry.

This issue forms part of the programme outlined by the Ministry of Transport and Works in collaboration with the Ministry of Local Government, Youth and Community Development. The Minister of Transport and Works has announced that roads in the Newport West area in the vicinity of the ports are due to be rehabilitated in phases. Under the Ministry's long-term plan, the programme will be undertaken at a cost of \$100 million. However the first phase of the work, involving the rehabilitation of 5 km of road in the area, is due to commence in the next financial year.

In the meantime, routine maintenance activities will be undertaken - the cleaning of drains and culverts and repairs to inlets and catchment basins - at a cost of \$5 million. The areas to be targeted over the next two (2) months are Newport Boulevard between Newport Commercial Centre and Ninth Street, First, Second and Third Streets.

During the consultations, the PSOJ took note of the fact that work had finally begun in this important area. It also noted, however, that the organization needs to be apprised of the timeframes that will be attached to the various works projects that will be undertaken.

2.21 Divestment

It is recommended that the Government of Jamaica should pursue the divestment of public utility companies as a matter of urgency.

This issue is currently being pursued by the National Investment Bank of Jamaica (NIBJ).

During the consultations, particular concern was expressed by the PSOJ regarding the slow progress of the divestment of the utility companies. The NIBJ should advise on the divestment timeframes and conditions in respect of the utilities.

2.22 Sector Management (Tourism)

2.22.1 Incentives for Hotel Expansion

It is believed that the trend in the regional tourism industry is towards larger hotels of 1,000 to 2,000+ rooms and that if Jamaica's tourism industry is to remain competitive with destinations such as the Bahamas and Mexico, then our existing properties should be expanded to a similar size.

The Office of the Prime Minister (Tourism) has in place a Master Plan for Sustainable Tourism Development in Jamaica. It is believed that large hotels in the region tend to be associated with convention centres and casinos. The government has outlined its position on these issues.

Among other things, it was felt that policy could not be simply based on going for growth in order to respond to competition from the Bahamas and Mexico. It was felt that expansion must be based on sound market research, considering that significant excess capacity currently exists within the industry.

During the consultations, this matter was discussed at length. It was also agreed that OPM (Tourism) should provide a report on this matter. Accordingly, a report entitled "Office of the Prime Minister (Tourism): Response to the Issues Raised in relation to the PSOJ Document" was submitted to the full committee on 1999 October 11.

The Office of the Prime Minister (Tourism) reports that emanating from the Tourism Master Planning process, the agreed strategy for future growth and development in the tourism industry is a mixed strategy consisting of elements for rapid growth so that tourism can play the lead role in economic development. It involves

enhancement of visitor experience through product diversification - long-term competitive positioning of the industry and the facilitation of greater integration between communities and the tourism industry. Details of this strategy are provided in the "Draft Diagnostic and Strategic Options Report".

The extent to which growth in numbers of visitors is possible and sustainable in each resort area will be determined on the basis of the findings of the Carrying Capacity Study, which is being undertaken in the main resort centres - Montego Bay, Ocho Rios and Negril. This study will form the basis of a locational strategy for Jamaica's tourism industry. One objective of the Tourism Master Plan is to prioritize the development of ancillary sectors to counter-balance the current dominance of the accommodation sector and to reap greater benefits from more employment generation contribution per dollar of visitor expenditure.

Currently, the incentive regime for the tourism industry is broadly similar to that of other Caribbean Islands. This includes tax holidays on corporation tax, capital allowances up to 100% and duty free importation of investment-related purchases. In Jamaica, hotels with under 350 rooms enjoy an incentive period of 10 years. In the case of approved Convention Hotels of 350+ rooms, the period of the incentive ranges from 11 - 15 years.

These incentives are in place, yet it was noted during the consultations that JAMPRO does not have in its portfolio any investor who is interested in hotels of the size indicated by the PSOJ. The OPM-T report indicates that the causes of poor competitiveness appear to lie outside of the incentive regime.

NOTE:

The PSOJ is to revert with further information on the status of concerns in this area.

2.22.2 Cruise Shipping

The cruise shipping sector of the shipping industry anxiously awaits a vigorous drive to develop the necessary facilities and infrastructure that will encourage cruise lines to home port in Jamaica, particularly in Ocho Rios and Montego Bay.

The Office of the Prime Minister (Tourism) reports that the Port Authority is in the process of implementing proposals for the development of the pier in Montego Bay for home porting. These

proposals include the extension of the berth, upgrading of the cruise ship terminal building and the addition of entertainment and shopping areas.

With regard to Ocho Rios, it is believed that there are constraints to the addition of berthing facilities. This is however currently under review by the Port Authority.

NOTE:

The PSOJ is to revert with further information on the status of concerns in this area.

2.23 Updating of Pound Laws

The PSOJ is urging the government to speedily address the matter of updating the laws in relation to the impounding of stray animals, especially cattle, to protect properties, crops and in particular the motoring public.

The Ministry of Local Government, Youth and Community Development will work to address this matter.

During the consultations, it was proposed that interested parties such as the Ministry of Agriculture and the Jamaica Automobile Association should have an input in the process.

The Ministry of Local Government, Youth and Community Development reports that on the Ministry's policy regarding stray animals and the updating of the appropriate legislation. The Pound Act governs the treatment of stray animals by the Local Authorities (KSAC and the Parish Councils), the owners of lands trespassed upon, or any other person involved in the impounding of such animals. The broad provisions of the Pound Act are listed below:

- The Act designates the KSAC and the Parish Councils as the Bodies responsible for the establishment and control of pounds, and the impounding of animals found trespassing on main roads or on private property.
- The Act sets out guidelines for the seizure and impounding of animals, as well as the duties and conduct of the Pound Keeper and other persons involved in the seizure and impounding of the animals. The offences and penalties for violation of the law by the Councils, Pound Keeper and persons seizing the animals, are also set out in the Act.

- The Act gives the Parish Councils the authority to make rules relative to the monitoring of the pounds.
- The conditions and procedures for the sale, destruction or restoration of the impounded animal to the owner are also set out in the Act.

The Ministry of Local Government, Youth and Community development also reports that it is cognizant of the fact that most Parishes currently lack a fully operational and effective pound, and is concerned about the potential for injury or damage to road users and property respectively. As a general policy, the Ministry seeks to have at least one pound operating in each Parish.

Over the years, pounds have been established by the Local Authorities through funds made available to them by Central Government through the Consolidated Fund. However, financial constraints being experienced both at the Central and Local Government levels, have adversely affected the maintenance of existing pounds as well as the establishment of new ones. Despite these constraints, however, the Ministry has been making efforts to address some of the more urgent situations- For example, steps are being taken by the Manchester Parish Council to establish a pound within the Parish over the next two months.

As a medium term measure, the Ministry is currently conducting a survey among the Local Authorities with a view to establishing the precise needs of each Parish, with particular emphasis on the question of whether or not a pound exists in the parish, the condition of the pound(s), availability of pound vehicles and the engagement of the required personnel. On the completion of this survey, it is anticipated that a programme of upgrading will be implemented from funds made available to the Ministry in the approaching financial year.

In addition, Section 8 of the Pound Act is to be amended to protect the rights of road users and property owners in respect of injuries or damage caused by stray animals. The Chief Parliamentary Counsel has already been requested to draft the necessary amendments.

2.24 Building Code

Private professionals should be charged with the full responsibility of ensuring that buildings are erected in accordance with the Building Code. There are several Acts and Regulations relating to building activities which have a bearing on the operations of the Works Division of the Ministry of

Transport and Works. Under the Public Sector Modernization Project, the Ministry proposes to carry out a review of services and capabilities being provided in this area with a view to rationalization of responsibilities and reducing duplication and overlap where they occur in the public sector. A review of architectural and building services capability in the private sector will also be undertaken.

A Development and Subdivision Unit has now been established in the Ministry of Transport and Works. The Unit aims to process applications within 17 - 21 days.

During the consultations, the PSOJ took note of the positive developments that were taking place in this area.

NOTE:

The PSOJ is to revert with further information on the status of concerns in this area.

2.25 Procurement of Accounting Services

There is a need for improved procedures and competitiveness in government procurement of accounting, auditing and consultancy services.

The Prime Minister has announced the appointment of the National Contracts Commission (NCC) to oversee the award and evaluation of government contracts, a move in which the NCC replaces the Government's Contract Commission. This initiative arose out a long process of consultations which took into account both public and private sector views and represents another step forward in the area of public sector reform. The NCC's functions will differ from the Office of the Contractor General which currently reviews the award of contracts and the performance of contractors.

The NCC will ensure, inter alia, that contracts are awarded not only on the basis of a competitive tender but also on the basis of the capacity to deliver within the specified timeframe and according to the requisite standards. The new Commission will also serve to bring greater transparency in the award of contracts and this aspect of the work will be assisted with the proposed introduction of a Freedom of Information Act and an Anti-Corruption Act.

During the consultations, no additional action was proposed.

2.26 Data Availability

The PSOJ has pointed to the need to improve the scope and timeliness of data collection and dissemination.

The Statistical Institute of Jamaica (STATIN) produces a wide range of data on external trade, the labour force, production, employment and earnings, consumer prices, population and national accounts. STATIN is heavily dependent on the timeliness, accuracy and reliability of the data it receives.

The Institute reports however that delays in the data delivery process are primarily due to the protracted response time from both public and private sector entities at the data collection end and often due to the supply of inaccurate or incomplete data to the Institute. Experience has shown that errors, particularly with economic data and depending on the problem, can be magnified in the calculations and this can seriously affect the global picture. Therefore detailed checks are often carried out to reconfirm the validity of the data. STATIN is nevertheless working towards a reduction in the time lag from 11 weeks to the customary 8 weeks in due course.

During the consultations, it was generally agreed that the provision of data on a timely basis was central to the speedy and effective production of statistical reports. It was recognized that both the private and public sectors have a role to play by improving the desired degree of co-operation with the data collection agencies.

2.27 Trade Policy

2.27.1 International Negotiations

It has been suggested that competent assistance is needed in negotiations of regulatory/technical trade issues, with particular reference to negotiations within the context of the World Trade Organization (WTO).

The Ministry of Agriculture has responded in defence of its personnel in that its representatives in the Trade Monitoring Unit do have the requisite expertise in the subject areas covered in negotiations.

During the consultations, however, it was agreed that the private sector could provide technical assistance to the Ministry of Foreign Affairs and Foreign Trade and the Ministry of Agriculture in relation to trade negotiation issues. However, the private sector would be asked to cover foreign travel

expenses. The matter is to be given consideration by the PSOJ.

2.27.2 Cheap Imports

The concern was expressed that farmers and manufacturers are going out of business due to a proliferation of cheap imports into the Jamaican market. The example cited was the case of agricultural products such as refined sugar.

Cabinet's decision of 1999 June 28 rescinds the benchmark regime on refined sugar and allows for the imposition of a Common External Tariff (CET) of 40%, plus an additional Stamp Duty of 63% with effect from 1999 July 01. Section 39 of the Stamp Duty Act has been amended to facilitate local manufacturers in that the CET and Stamp Duty would not be applicable in cases where it has been demonstrated that the refined sugar is used as a raw material in the production process.

During the consultations, the PSOJ agreed that measures already taken by the government in this regard were satisfactory.

2.28 Double Taxation

The PSOJ is pressing for the removal of double taxation on dividends.

The Ministry of Finance and Planning reports that the matter of taxation on dividends has revenue implications for the budget.

During the consultations, reference was made to discussions at the Crowne Plaza Hotel on 1999 September 1 between the government and the private sector, where it was agreed that consideration should be given to the removal of double taxation from publicly listed companies. The Ministry of Finance and Planning is to provide information on this issue.

It was however agreed as a matter of policy that the PSOJ supports the removal of double taxation from all companies. It regards and rejects as discriminatory any proposal for concessions to be offered exclusively to a small group of companies as would be the case with those listed on the Jamaica Stock Exchange.

The PSOJ stated that the proposal made at the Crown Plaza meeting does not have the backing of the PSOJ as an umbrella organization. Any policy which is currently under consideration should take into account the situation of all companies.

2.29 Export Rebate Scheme

There is need for more efficient operation of the Export Rebate Scheme.

The Ministry of Finance and Planning and the Customs Department have expressed the view that adjustment of this Scheme might not now be required in view of the fact that most of the relevant items already have duty free status.

During the consultations, it was agreed that this matter would be addressed by the sub-committee looking into customs-related issues. See 2.1 to 2.6 for related issues.

2.30 Basic Industries

It is proposed that the list of Basic Industries which benefit from investment allowances under the Income Tax Act should be extended to include breads, biscuits and other flour-based products.

The Basic Industries listed under the Income Tax Act typically carry some degree of processing, for example canned fruits and vegetables, jams and jellies and the manufacturing of leather and leather goods, the production of some grain and milled products, stock and poultry feed. The background to this issue is the revision of the Income Tax Law in 1959 to provide for an investment allowance for expenditure on buildings or structures, machinery and plant in certain specified categories of industries. A comprehensive list of industries - the Basic Industries - was identified for the granting of investment allowances under Part IV of the Income Tax Schedule.

The extension of the list of Basic Industries as proposed by the private sector is not supported by the Ministry of Finance and Planning on the grounds that the products to which this allowance currently applies for the most part utilize local materials and therefore encourage local production and export. It is considered that the Baking Industry utilizes largely imported materials and may not be an appropriate candidate for an investment allowance.

During the consultations, the private sector reiterated concern that this facility has not been made available to such an important sector of the Jamaican economy. It was therefore agreed that a sub-committee should be established to examine this issue. A report entitled "Basic Industries" was submitted to the full committee on 1999 October 8.

In the sub-committee's report, it was argued that the list of Basic Industries has not been amended since 1959. This indicates that it would be appropriate for the list to be reviewed at this time. There is also provision for amendment of the list by way of Parliamentary approval in accordance with Section 2 Part IV of the Income Tax Schedule.

In view of the circumstances, it was proposed a recommendation should be made to the Ministry of Finance and Planning for a review of the situation of the local baking industry.

The case of bottled water was put forward as a potential item to be proposed for future inclusion on the list.

In the interest of providing assistance to the baking industry in view of the concern raised, It was also agreed that this matter would be presented to the Development Council for a decision to be taken. On this basis, the relevant submission is being prepared by the Ministry of Industry and Investment for presentation at the next meeting of the Development Council.

The Ministry of Finance and Planning has indicated a willingness to examine this issue at the end of the current budget cycle, when information would have been received on the government's revenue flows.

2.31 Accelerated Depreciation

It is proposed that the accelerated depreciation provision should also apply to the purchase of second-hand equipment.

The modernization of industry has been identified as a priority activity. Accelerated Capital Allowances were introduced to facilitate re-tooling of the manufacturing sector by means of the accelerated write-off of equipment. The Income Tax Department has expressed the view that the application of this facility to second-hand equipment has raised two concerns - the possibility that those concessions may be granted twice on the same piece of equipment and the modernization of industry might be retarded by providing an incentive for the use of reconditioned, as opposed to new/modern, equipment.

It is believed that both concerns are valid. However, it is the view of the PSOJ that company expansion and upgrading will contribute towards increased investment in a particular sector and should be encouraged. It might also be possible to ensure that only technologically relevant and sufficiently modern used equipment qualifies by putting in place an appropriate system of monitoring and approval.

During the consultations, this matter was discussed at length. It was agreed that JAMPRO would consider assisting in the provision of this facility to second-hand equipment on a case-by-case basis. However, JAMPRO raised concerns regarding the expertise that this exercise would require and noted the organization's manpower constraints and the attendant cost implications for JAMPRO.

Decision of the Development Council

Following the submission of the consultation report to the Development Council on 1999 October 13, it was decided that due consideration would be given to the application of accelerated capital allowances to second-hand equipment. The proposed operating details are to be worked out by the Ministry of Industry and Investment and JAMPRO in due course in collaboration with the Ministry of Finance and Planning. This matter is to be explored further.

2.32 Restriction of Meat Imports

There is need for a review of restrictions on the importation of meat from "some of the most competitive producers in the world" so as to facilitate the tourist industry.

The Ministry of Agriculture reports that restrictions governing meat imports are based on internationally accepted public health and sanitary standards. The Veterinary Division also exercises a certain level of flexibility in dealing with the concerns of hotels, fast food restaurants and meat processors.

However, in response to the situation of local beef farmers, Cabinet on 1999 September 27 approved the re-imposition of an 86% Stamp Duty on imported beef which is applicable on imported mince, fresh meat, brisket and boneless beef trimmings. This duty is in addition to the 40% customs tariff applicable on imported beef. This new policy will necessitate amendment of the Stamp Duty Act to give effect to this decision.

During the consultations, no decision was taken for further action on this matter.

2.33 Motor Vehicle Licensing and Examination

Concern was raised regarding corruption in Government Agencies, with particular reference for example to motor vehicle licensing and examination.

The Ministry of Transport and Works provided the committee with an outline of the procedures for examination and licensing of motor vehicles.

During the consultations, the view was expressed that the submission of these procedures did not address the primary area of concern, which was that of corruption. It was therefore agreed that the Ministry of Transport and Works should be asked to respond specifically to this issue. An enquiry was also raised about policy considerations in terms of the privatization of motor vehicle licensing and examination.

The Ministry of Transport and Works reports that there have been many allegations of corruption in the Island Traffic Authority. However, experience has shown that when Examiners are arrested the cases very often end up being dismissed due to the non-appearance of witnesses. The Ministry notes that the Offices of the Services Commissions has also been asked to reinstate Examiners against whom charges were laid since they were not proven guilty. It is hoped that with the proposed modernization of the Island Traffic Authority that corruption and other critical issues will be eliminated from the system.

The Ministry also proposes to go ahead with the privatization of the Motor Vehicle Inspection Services and consultations continue with an investor group in this regard. There are currently no plans to privatize the licensing of motor vehicles.

No proposal was made regarding further action in this matter.

3.0 GENERAL COMMENTS

At the end of this segment of the consultations, the PSOJ expressed sincere appreciation to Minister Paul Robertson, his Ministry, the Office of the Prime Minister and to the Government of Jamaica for the work that has been undertaken to address the concerns of the private sector.

The Honourable Minister gave the assurance that there is indeed a genuine desire on the government side for the issues raised to be

addressed in keeping with a spirit of consultation and collaboration. The mandate itself was issued by the Right Honourable Prime Minister and the GOJ's commitment to promoting economic growth in this country was clearly outlined in the deliberations at the Crowne Plaza Hotel on 1999 September 1.

A finalized consultation report was submitted for the attention of the Development Council on 1999 October 13 and recommendations were made for follow-up action to be taken in this regard.

During the meeting held at the Ministry on 1999 November 17, reference was made to a Newspaper report in the Financial Gleaner of Friday, 1999 November 12, which suggested that the private sector was not pleased with the progress of the consultations. At the meeting, it was agreed that the process of consultation was a useful exercise and that there would be continued collaboration between the Ministry of Industry and Investment and the Private Sector Organization of Jamaica to iron out matters of mutual interest.

As was evident in the work carried out in this regard at this Ministry with assistance from the Development Division at OPM over the past six (6) months, this GOJ/PSOJ collaboration is seen as an on-going process.

November 22, 1999