

**PERFORMANCE OF THE OFFICE OF THE REGISTRAR OF COMPANIES FOR  
FINANCIAL YEAR 2004/2005 AND FOCUS FOR FINANCIAL YEAR 2005/2006**

**1.0 Purpose of the Ministry Paper**

This Ministry Paper is intended to provide highlights of the performance of the Office of the Registrar of Companies (ORC) during the 2004/2005 Financial Year and the main focus for the 2005/2006 Financial Year.

**2.0 Background**

**2.1 Mission**

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

**2.2 Role and Functions**

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

**3.0 Priority Targets and Objectives for Financial Year 2004/2005**

Five (5) priority targets were identified for the financial year. These were as follows:

- Maintenance of guaranteed registration and search services
- Implementation of the Document Processing Management Information System (DPMIS)
- Public education to build awareness of the new provisions of the revised Companies and Registration of Business Names Acts
- Staff training and the commissioning of a procedures manual to aid in the administration of revised legislation and the preparation of regulations to accompany the revised Companies Act.
- Enhancement of the agency's website to facilitate electronic registration of all documents and electronic commerce.

## **4.0 Highlights of Performance/Achievements for Financial Year 2004/2005**

### **4.1 Summary of Achievements**

During the review year, the ORC dedicated its efforts primarily to three (3) activities, two (2) of which were related to its preparation for implementation of the Companies Act 2004. The areas of emphasis were staff training on the new Act/preparation of draft forms and regulations under the Act, and the implementation of the DPMIS.

### **4.2 Guaranteed Registration Services**

Despite its focus on implementation of the new Companies Act and the DPMIS, the ORC did not revise any of its registration turnaround times for guaranteed services during the 2004/2005 Financial Year and was able to maintain all turnaround times. In the third quarter of the review year, guaranteed services were suspended to accommodate preparations for the coming into effect of the Companies Act 2004 on January 1, 2005, and the ORC Amnesty, which was announced by me on November 18, 2004. This will be elaborated upon below.

**Table 4.1: Guaranteed Service Delivery Times**

<b>Guaranteed Service</b>	<b>Targeted Delivery Time</b>	<b>Actual Delivery Time</b>
New company (regular)	5 wk. days	4 wk. days
New company (expedited)	1 wk. day	1 wk. day
Business Name (regular)	2 wk. days	2 wk. days
Business Name (expedited)	1 wk. day	1 wk. day
Certified copies	25 mins	10mins.
Registered Office Notice	3 wk. days	3 wk. days
Change of Directors	3 wk. days	3 wk. days

### **4.3 Implementation of the DPMIS**

At the start of the review year all modules of the DPMIS software had been implemented except for the Business Registration Module. User testing had been completed along with the procurement of hardware to facilitate the new software.

At the end of the second quarter however, although development of the Business Registration Module had been completed, the presence of “bugs” in the system prevented full testing. Consequently, some implementation dates were not met. The DPMIS Steering Committee therefore took the decision to suspend any further work on the software and commission an audit to ascertain its readiness for implementation.

The Agency solicited proposals from Information Technology audit professionals and a selection made. The Audit report determined that despite a great deal of service code having been developed, it needed to be rigorously tested to determine accuracy, effectiveness and efficiency. It was therefore recommended that the source code be tested, programming errors identified and resolved and the development effort continued.

No further work was undertaken on the DPMIS save for the completion of several back end screens and the creation of a Name Reservation Screen to facilitate this new service under the Companies Act 2004.

#### **4.4 Public Education**

During the period under review the ORC Mobile, the Agency's major outreach vehicle, visited the Parishes of St. Thomas, Portland, St. Ann, St. James, Westmoreland, Clarendon and Manchester. ORC's customers in those rural parishes welcomed those visits which enabled them to transact business without having to journey to Kingston. ORC earned revenues amounting to \$1.9 M from those visits.

The Agency convened a Public Education and Communications Team to operationalize the public education aspect of the Implementation Plan for the Companies Act 2004. The ORC also retained the services of the Jamaica Information Service (JIS) to assist in its public education effort. Brochures, posters and pamphlets on various aspects of the new Act were prepared and distributed. In addition proposed forms were burned to compact discs and sold for a small fee.

The JIS developed a musical jingle that was used in all broadcasts relating to the ORC and the new Companies Act and also a radio programme "Keeping Company with the ORC" in which information on the ORC, its services and the new Act were disseminated.

The Agency made several presentations on the new provisions of the Companies Act at seminars hosted by professional groups such as the Institute of Chartered Accountants of Jamaica, the Association of Chartered Secretaries and Administrators of Jamaica and the Jamaican Bar Association, as well as to interest groups such as the Rotary Club. In addition ORC convened meetings with its larger and more regular customers to discuss the new forms and regulations to be devised in accordance with the new Act.

#### **4.5 Staff training**

At the beginning of the 2004/2005 Financial Year, the Agency developed a training plan as part of its general Implementation Plan. The training plan sought to achieve a delicate balance between dedicating resources to enable staff to learn the provisions of the new Companies Act, and ensuring that ORC met its operational targets. Training took place over November and December 2004 during which guaranteed services were

suspended. Training on broad aspects of the Act was provided to over seventy (70) officers by the Agency's legal staff along with external presenters.

Subsequently, training on new procedures and forms was administered on a unit-by-unit basis.

Work commenced on a comprehensive procedures manual while customer guidelines on various aspects of registration were prepared. However, completion of the manual will have to await the implementation of the DPMIS.

#### **4.6 The ORC Amnesty**

On November 18, 2004 the ORC Amnesty was announced. During the Amnesty, companies with outstanding annual returns were allowed to file them at a reduced cost and there was a waiver of the late fees on those documents. In addition companies which wanted to be removed from the Register could do so without having to file any documents once they provided audit certificates verifying that they had no assets or liabilities and had ceased trading. Public response to the Amnesty was overwhelming and consequently in late December 2004 an extension through January 31 2005 was announced. The extension delayed implementation of the new Companies Act until February 1, 2005.

For the period November 18, 2004 to January 31, 2005, companies filed twenty seven thousand two hundred and seventy seven (27,277) annual returns and the Agency earned approximately \$43 M in revenues.

#### **4.7 ORC Website**

With the agency's focus on the development of the DPMIS, relatively less emphasis was placed on upgrading the ORC's website. In addition the Electronic Transactions Act, which will provide the legal framework for e-commerce, was not passed into law. Nevertheless, use of the site grew beyond projections with the volume of subscribers to the site numbering four hundred and eighty five (485) at the end of the period. This was ninety four percent (94%) above target.

#### **4.8 Appointed Day for Companies Act 2004**

Early in the 2004/2005 Financial Year I declared January 1, 2005 to be the day on which the Companies Act 2004 would take effect. The ORC began its preparations early for that date. In the Second Quarter the Agency employed a legal officer and early in the Third Quarter a project manager was hired. Both officers had major responsibility for ensuring that the Agency was adequately prepared for the Appointed Day.

Staff training took place in the Third Quarter and extensive work was undertaken to produce new forms required by the new Companies Act and to revise forms that existed

under the 1965 Act but which would also be required under the new Act. In total forty six (46) forms were examined.

Regulations and forms to accompany the Companies Act 2004 were prepared and forwarded to the Ministry for submission to the Chief Parliamentary Counsel (CPC).

Late in December 2004 I took the decision to defer the Appointed Day to February 1, 2005 in order to allow more companies to take advantage of the ORC Amnesty.

Toward the end of 2004, the Agency received Cabinet's approval for the implementation of new fees for all its services. On February 1, 2005 new fees for all services in accordance with the Companies Act were implemented. Implementation of new fees for other services was delayed for administrative reasons.

## 5.0 Operations

### 5.1 Business Registration

At the mid point of the review period, this area of the Agency's activities was somewhat behind target with respect to volumes of documents registered. This was due to a falloff in the volume of documents submitted to the ORC for registration. With the introduction of ORC Amnesty, the Agency was able to achieve all its volume targets by March 31, 2005.

While for most of the financial year under review, the ORC easily met all of its registration turnaround time targets, this was not possible during the Amnesty period, due to the greater than normal volume of documents received for registration. The number of documents received during the third quarter of the review period was 281.5% greater than for the 2003/2004 third quarter. The Agency therefore requested and received my permission to suspend the guaranteed services for the duration of the Amnesty.

**Table 5.1 Comparison of Guaranteed Turnaround Times**

Registration Service	Guaranteed Registration Time (2002/03)	Guaranteed Registration Time (2003/04)	Actual Time (2004/05)
Local company (regular)	5 wk. Days	5 wk. Days	4 wk. Days
Local company (expedited)	1 wk. Day	1 wk. Day	1 wk. Day
Business Names (regular)	2 wk. Days	2 wk. Days	2 wk. Days
Business Names (expedited)	1 wk. Day	1 wk. Day	1 wk. Day
Registered Office Notice	3 wk. Days	3 wk. Days	3 wk. Days
Change of Directors	3 wk. Days	3 wk. Days	3 wk. Days

**Table 5.2 Registration Services – Summary of Volumes**

<b>Registration Service</b>	<b>Planned Volume (as at Mar. 05)</b>	<b>Actual Volume (as at Mar. 05)</b>	<b>Variance (%)</b>
Local companies (regular)	1,380	1,631	18.1
Local companies (expedited)	920	1,171	27.2
Business Names	3,800	3,874	1.9
Registered Office Notice	1,900	2,067	8.8
Change of Directors	1,900	1,972	3.8

## 5.2 Compliance

During the first quarter of 2004/2005, the ORC achieved the majority of its targets but by the end of the second quarter had difficulty meeting targets consequent on the passage of Hurricane Ivan as well as some staffing constraints.

By the end of the Financial Year however, as a result of the ORC Amnesty, the Agency had met all its targets except for the volume of business names applications received, the number of delinquent companies removed from the Register and the number of lawsuits filed against delinquent companies. The ORC exceeded its annual target for the volume of incoming annual returns by thirty seven percent (37%).

The agency conducted mobile visits to the Parishes of St. Thomas, Portland, St. Ann, St. James, Westmoreland, Clarendon and Manchester. The sum of \$1.9 M was realised.

During the review period nine hundred and thirty (930) companies were removed from the Companies Register while twenty (20) companies were restored thereto. The Agency set down for hearing one hundred and forty nine (149) suits against delinquent companies while the Court heard ninety (90) matters and granted thirty-six (36) orders. As a result twenty-nine (29) companies became fully compliant with their statutory obligations. \$1,529,200 was earned as a result of litigation.

**Table 5.3: Target and Actual Volume Performance Indicators**

<b>Performance Objective</b>	<b>Targeted Volume (As at Mar. 05)</b>	<b>Actual Volume (As at Mar. 05)</b>	<b>Variance (%)</b>
Companies filing Annual Returns	7,800	10,686	37
Companies filing Registered Office Notices	1,750	2,712	54.9
Companies filing Particulars of Directors	1,750	3,249	85.6
Delinquent Companies removed from the Register	1,000	930	(7)
Volume of Annual Returns received	17,950	39,763	54.97

### 5.3 Information Technology

The internal Information Technology activities of the Agency were hampered somewhat by resource constraints. As a result some IT-related projects did not commence on time. Efforts were made however, to ensure that targets were achieved. Thus by the end of the Financial Year, the Agency was able to meet all its operational targets. In addition two hundred and twenty seven thousand five hundred and nine (227,509) pages of company documents were processed. This total exceeded last year's volume by 409.5%.

Development work and user testing of the DPMIS continued from the previous Financial Year. Development of the Business Registration Module, the core module of the software and the final module to be developed, was completed in August 2004.

User testing of the module continually identified bugs and as a result the rollout of the system was rescheduled several times. The Agency took the decision in September 2004 to halt all work in order to undertake an audit of the DPMIS and ascertain its readiness for implementation. Proposals for information technology audit services were solicited from three prospective sources and a selection made via the procurement process. The audit of the DPMIS was conducted in January 2005.

**Table 5.4: IT Unit – Performance against Targets**

<b>Performance Objective</b>	<b>Planned Volume (As at Mar. 05)</b>	<b>Actual Volume (As at Mar. 05)</b>	<b>Variance (%)</b>
Residual Conversion of company files	400	1,490	272.5
New incoming documents <sup>1</sup>	-	227,509	-
Cleansing of computerized files	750	975	30
% Upgrade of the Image Management System completed	100	97	(3)
Volume of website transactions	8,000	14,730	84.12

### 5.4 Customer Service

For most of the 2004/05 Financial Year, the customer service aspect of the Agency's work was affected by resource constraints, with some staff having been redeployed to facilitate focus on testing of DPMIS software. As a result, the agency had some difficulty in meeting the 15-minute wait-for-attendance target which had been set in response to customer complaints.

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<sup>1</sup> The planned volume of incoming documents is that received by the ORC for registration.

Due to tight monitoring of the flow of customers and the permanent placement of a dedicated customer service officer, the Agency was able to meet the aforementioned target and in fact by September 2004, ninety seven percent (97%) of customers waited less than fifteen (15) minutes to be served.

However with the advent of the ORC Amnesty in November 2004, there were again some challenges in meeting that target due to the large influx of customers into the Agency's offices. In December 2004 alone, some three thousand (3,000) persons were dealt with, two hundred and eighty one (281) of whom were assisted at the Help Desk.

By the close of the Financial Year the Agency surpassed projections for the provision of certified copies and uncertified copies by 4.3% and 25% respectively.

The Agency did not meet its target relating to Public Search and Information onsite, falling short of projections by 3.85%. However, the increased use of the ORC website facilities may explain the falloff in demand for this service.

As indicated in tables 6 and 7 below, all turnaround times for the provision of customer service items were surpassed.

**Table 5.5: Customer Service Unit – Time Sensitive Indicators (2004/05)**

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

**Table 5.6: Customer Service Unit – Targets and Actual Performance**

Performance objective	Target (As at Mar. 05)	Actual (As at Mar. 05)	Variance (%)
Certified copies	50,000	52,138	4.28
Uncertified copies	13,500	16,877	25.01
Public Search (onsite)	2,000	1,923	(3.85)

## 5.5 Human Resources

Throughout the review year, the ORC placed emphasis on staffing, staff welfare and conditions of service issues.

During the second quarter of the review period, the Agency rationalized its organizational structure in preparation for the implementation of the DPMIS. New structures were devised and implemented in the Compliance, Customer Service and

Business Registration Units, while eight (8) new positions were created and three (3) positions made redundant.

Eight hundred and eighty four (884) man-hours of training were administered. At the end of the Financial Year, the staff structure consisted of sixty seven (67) permanent employees supported by twenty six (26) project/temporary staff. There were eight (8) vacancies.

## 5.6 Finance and Administration

Revenues collected for the 2004/2005 Financial Year amounted to \$158 M, which was forty eight percent (48%) above budget, while expenditure for the same period was \$119.4 M, which was 5.2% above projections.

**Table 5.7: Summary of Financial Data (2004/05)**

Revenue and Expense Category	Actual to March 2005 (\$'000)	Budget to March 2005 (\$'000)	Variance (\$'000)	% Var. Budget
Companies	130,833	87,135	43,698	50%
Business Name	11,666	8,775	2,891	32.9%
Searches, Copies & Others	10,847	6,375	4,472	70%
<b>Sub- Total</b>	<b>153,346</b>	<b>102,285</b>	<b>51,061</b>	<b>49.9%</b>
Interest Income	4,654	4,400	254	5.8%
<b>Total Revenues</b>	<b>158,000</b>	<b>106,685</b>	<b>51,315</b>	<b>48%</b>
Operating Expenses	119,438	113,477	(5,961)	(5.2%)
Operating Surplus	38,562	(6,792)	45,354	667%
Op. Income Cover + Interest	132%	94%	--	--
Funding From GOJ	38,082	38,700	--	--
ORC's Contribution to Consolidated Fund	(51,445)	(51,445)	--	--
<b>Net Contribution to Consolidated Fund</b>	<b>(13,363)</b>	<b>(12,745)</b>	<b>--</b>	<b>--</b>

## 6.0 Summary of Main Programmes for Financial Year 2005/2006

During the 2005/2006 Financial Year, ORC will undertake the following programmes:

- Maintenance of guaranteed registration and search services to customers
- Implementation of the re-engineered Image Management System – the Document Processing Management Information System (DPMIS)
- Facilitation of amendments to the Companies Act 2004

- Staff training on the new provisions of the Companies Act 2004
- Public education to build awareness of the Companies Act 2004 and the services provided by the Agency.
- Improved management of the Agency's original records
- Improved financial performance through the implementation of strict cost containment measures and new value added services.
- Facilitation of the amendment of the Registration of Business Names Act.

## 7.0 Budgetary Allocation

Table 9 shows a summary of the financial out-turn for the last two years and the projection for the 2005/06 Financial Year.

**Table 7.1: Financial Out-Turns for Last Two Years & Projections for 2005/06**

<b>Descriptions</b>	<b>2003/04 (\$)</b>	<b>2004/05 (\$)</b>	<b>2005/06 (\$)</b>
GoJ Funding	38,529,000	38,082,000	40,000,000
Revenues	104,371,775	158,000,000	156,036,000
Contribution to Consolidated Fund	55,724,449	51,445,000	79,643,000

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**May 20, 2005**