

**MINISTRY PAPER NO:** \_\_\_\_\_

**PERFORMANCE OF THE COMPANIES OFFICE OF JAMAICA FOR FINANCIAL YEAR 2006/2007 AND FOCUS FOR FINANCIAL YEAR 2007/2008**

**1.0 Purpose of the Ministry Paper**

The purpose of this Ministry Paper is inform Parliament and the public about the performance of the Companies Office of Jamaica for the 2006/2007 Financial Year and its main focus for the 2007/2008 Financial Year.

**2.0 Mission**

The mission of the Companies Office of Jamaica (COJ) 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 its stakeholders, in order to foster trade, commerce and wealth.

**3.0 Role and Functions**

The COJ is an executive agency and 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 COJ is also the official repository of information pertaining to those entities.

**4.0 Priority Targets and Objectives for Financial Year 2006/2007**

Seven (7) priority targets were identified for the financial year. These were as follows:

- Implementation of the Document Processing Management Information System (DPMIS)
- Facilitation of the revision of the Companies Act 2004 and amendments to the Schedules to the Act and the attendant forms
- Continued facilitation of the revision of the Registration of Business Names Act
- Public education to build awareness of the new provisions of the revised Companies Act and the Registration of Business Names Act.
- Customer service audit
- Staff training and the completion of a comprehensive procedures manual to aid in the administration of revised legislation
- The overhauling of the Agency's human resources policies particularly the performance management mechanisms and performance incentives schemes.

## 5.05.0 Highlights of Performance/Achievements for Financial Year 2006/2007

### 5.1 Summary of Achievements

During the 2006/2007 Financial Year the Agency focused on preparing for the implementation of the DPMIS, which was completed in March 2007. A dry run of the pilot of the DPMIS was conducted in November 2006 and a full pilot run was conducted at the start of the fourth quarter. Much attention was also given to customer satisfaction and several measures were implemented to ease dissatisfaction. A Customer Support/Quality Assurance Officer was hired to deal specifically with customers who experienced difficulties with the agency and a desk was established to deal with rejections exclusively. This resulted in customers finding it less time consuming and thus more convenient to collect rejected documents.

### 5.2 Guaranteed Registration Services

During the review year the agency experienced challenges in maintaining its registration turnaround timelines. Major contributors to this included difficulties with the storage capacity on the present Image Management System (IMS); the increase in the volume of documents being filed at the COJ; multiple rejections of documents filed by clients; staff shortages and the difficulties customers are still experiencing with the revised forms.

However, in an effort to further maintain timelines and to achieve greater efficiency, approval was obtained to streamline the registration timelines effective November 1, 2006. The registration timeline for all documents relating to a new company is now four (4) working days while the timeline for statutory returns is five (5) working days. This streamlining also allowed for one examiner to examine resubmitted documents that he/she had previously rejected. Two (2) new registration officers were also trained to examine documents.

On average, the registration timelines for Companies, Business Names, Registered Office Notices and Change of Directors were achieved. However, the timeline for the provision of certified copies of company documents was not achieved due to a shortage of signatories.

**Table 1: Guaranteed Service Delivery Times**

| <b>Services</b>                        | <b>Guaranteed Times</b> | <b>Actual Registration Times (on average)</b> |
|--|-------------------------|---|
| New Company Registration (normal)      | 4 wk. Days              | 4wk. Days                                     |
| New Company Registration (expedited)   | 1 wk. Day               | 1 wk. Day                                     |
| Business Name Registration (normal)    | 2 wk. Days              | 2 wk. Days                                    |
| Business Name Registration (expedited) | 1 wk. Day               | 1wk. Day                                      |
| Registered Office Notice               | 3 wk. Days              | 3 wk. Days                                    |
| Registration of Change of Directors    | 3 wk. Days              | 3 wk. Days                                    |
| Certified Copies of Company Documents  | 20 minutes              | 47.74 minutes                                 |

### **5.3 Implementation of the DPMIS**

The Agency prepared itself for the implementation of the DPMIS scheduled for March 2007. All operational units were intricately involved in user acceptance testing, completion of checklists which were imported into the new software, preparation of test plans and retesting of all discrepancies. A dry run of the pilot of the DPMIS was conducted between November 20, 2006 and November 28, 2006. There was a successful pilot in January 2007.. The Agency received the portfolio Ministry's approval to suspend full services during the period March 19-23, 2007 during which the new software was installed. Guaranteed services were also suspended for one (1) month to facilitate the implementation.

### **5.4 Public Education**

During the period under review the COJ mobile team visited the parishes of St. Ann, St. Thomas, Manchester, St. Elizabeth, Clarendon and Hanover allowing enterprises in these parishes easy access to the COJ and to update their filings. Revenues earned from the mobile totalled \$7,924,675 for the fiscal year

Other outreach activities included:

- Presentations to the National Housing Trust and Shortwood Teachers College.
- Guest appearance on the television programme "CVM at Sunrise"
- Guest on the radio programme "Beyond the Headlines".
- Participation in a Small Business Development exposition.
- Six new brochures were produced as well as a number of reprints of old brochures.
- Several advertisements were placed in the print media relating to the Companies Rules 2005.

### **5.5 Staff Training**

All officers underwent customer service training in preparation for the Customer Service Audit, which was conducted in May 2006. The purpose of the training was to equip officers with the requisite skills and techniques to accommodate change and deliver enhanced customer service. The workshops proved to be very motivational. One output of the workshop was the establishment of cross-functional teams aimed at improving operations of the Agency.

Staff also had training on processing business name applications and annual returns forms.

Training was also provided in self-discovery, supervisory development, customer satisfaction, coping with disease and illness, commercial law and conducting performance evaluations.

## **5.6 Passage of Regulations for Companies Act/Amendments**

During the period under review there was significant legislative activity. The Companies Rules 2005 were gazetted while drafts of the Bill to amend the Companies Act 2004 to include Articles of Continuance were sent to the Agency for comment. The legal staff of the agency also continued a review of the Schedules to the Companies Act.

## **5.7 Preparation of regulations to the revised Companies Act relating to the retention period for company records**

Regulations were prepared. After internal review they were forwarded to the Ministry for drafting instructions to be issued to the Chief Parliamentary Counsel.

## **5.8 Amendments to the Registration of Business Names Act**

The amendments to the Registration of Business Names Act came into effect on December 8, 2006. The Agency will continue the dissemination of information relating to the new provisions both to the public and to staff during the next Financial Year.

## **5.9 Enhancement of the Agency's Website to facilitate Electronic Registration**

Electronic registration is conditional upon the implementation of the DPMIS and it will be necessary to have the DPMIS fully functional before the enhancement project can be executed. However, the Agency has engaged in discussions with a commercial bank with regard to the establishment of an Internet Merchant Account consequent upon the passage of the Electronic Transactions Act in December 2006.

## **5.10 Overhaul of the Agency's Human Resources Policies**

The CEO approved the Computer Usage, Flexi-time, Loan, Leave, Leave Roster and Employee of the Year Policies. The Performance Evaluation Form was approved while the Housing Support Policy was forwarded to the Ministry of Finance & Planning for approval.

## **6.0 Operations**

The Operations Units experienced several challenges during the year. These related mostly to high volumes of documents received for registration, high rejection rates and long wait times for attendance.

### **6.1 Business Registration**

During the period under review the COJ experienced high rejection rates particularly in relation to Annual Returns. This resulted from factors such as shortage of experienced staff, large influx of documents for examination as well as computer glitches. By the end of the 2006/07 Financial Year, the COJ was substantially able to meet all of its time

targets in spite of the computer glitches which emphasized the current system's inability to cope with the burgeoning number of documents being processed. In an effort to stem customer dissatisfaction, approval was obtained to streamline the registration timelines effective November 1, 2006. The registration timeline for all documents relating to a new company is now four (4) days while the timeline for statutory returns is five (5) working days.

**Table 2 Guaranteed Turnaround Times**

| Key Corporate Objective         | Planned Performance 4 <sup>th</sup> Quarter | Actual % of documents processed within target time 4 <sup>th</sup> Quarter |
|---------------------------------|---|--|
| <b>Annual Returns</b>           | 5 wk. days                                  | 85   |
| <b>Charges certified</b>        | 10 wk days                                  | 90   |
| <b>Registered Office Notice</b> | 3 wk days                                   | 95   |
| <b>Change of Directors</b>      | 3 wk days                                   | 95   |
| <b>New local Companies</b>      | 4 wk days                                   | 100  |
| <b>Expedited New Companies</b>  | 1 wk day                                    | 100  |
| <b>Business Names</b>           | 2 wk. days                                  | 99   |
| <b>Expedited Business Names</b> | 1 wk day                                    | 100  |
| <b>Company Secretary</b>        | 3 wk. days                                  | 95   |

**Table 3 Registration Services – Summary of Volumes**

| Registration Service        | Planned Volume | Actual Volume | Variance (%) |
|-----------------------------|----------------|---------------|--------------|
| Local companies (regular)   | 1,000          | 1,930         | 93.0         |
| Local companies (expedited) | 700            | 890           | 27.1         |
| Business Names              | 4,200          | 4,956         | 18.0         |
| Registered Office Notice    | 1,700          | 2,571         | 51.2         |
| Change of Directors         | 1,800          | 3,479         | 93.3         |

## 6.2 Compliance

The COJ participated in public activities, which included booth displays and/or presentations at the following expositions:

- o Self Employment Fair
- o Rural Services for Children with Disabilities
- o Jamaica Business Development Centre's Business Clinic
- o Bureau of Standards

The Agency experienced some setbacks however with regard to bringing legal action against delinquent companies, resulting from staffing difficulties. However, the Agency was able to recover ground in the latter half of the year.

During the 2006/2007 Financial Year, six hundred and fifty six (656) companies were removed from the Register while twenty-three (23) were restored.

For the period under review, the Agency did not meet those targets relating to the number of companies filing Annual Returns and volumes of Annual Returns received.

**Table 4: Target and Actual Volume Performance Indicators**

| <b>Performance Objective</b>                   | <b>Targeted Volume At March 2007</b> | <b>Actual Volume At March 2007</b> | <b>Variance (%)</b> |
|--|--------------------------------------|------------------------------------|---------------------|
| Companies filing Annual Returns                | 8,000                                | 6,528                              | (18.4)              |
| Companies filing Registered Office Notices     | 1,900                                | 2,914                              | 53.4                |
| Companies filing Particulars of Directors      | 1,900                                | 4,518                              | 137.8               |
| Delinquent Companies removed from the Register | 700                                  | 656                                | (6.3)               |
| Volume of Annual Returns received              | 16,000                               | 11,027                             | (31.1)              |

### **6.3 Information Technology**

The Electronic Transactions Act was passed by both Houses of Parliament early December 2006. This establishes the foundation for the Agency to offer electronic registration services and provide for e-commerce transactions.

Work on the Document Processing Management Information System (DPMIS) continued. During the first half of the year, user acceptance testing for all modules was completed and the dry run of the pilot commenced in August 2006. However, it had to be suspended as several problems with the physical and application environments were encountered. The dry run was later completed in November 2006 and a full pilot was conducted in January 2007.

By the end of the review period approximately ninety percent (90%) of all exceptions were addressed. In addition, checklists for twenty-four (24) of the thirty-one (31) forms regularly filed at the COJ were completed and were uploaded to the DPMIS. The DPMIS was installed in March 2007.

Liaison with Fiscal Services Limited (FSL) continued in order to establish a link with the Taxpayer Registration (TRN) database. The Minister of Finance granted formal permission to the COJ to access the database and it is projected that the access protocol will be fully operational by April 2007.

The COJ website experienced increased activity over the period. The volume of online transactions for the period April 2006 to March 2007 totalled 32,150. The most frequently used electronic services were viewing documents online, company information details and printing documents online.

**Table 5: IT Unit – Performance against Targets**

| Performance Objective   | Planned Volume<br>(As at Dec.06) | Actual Volume<br>(As at Dec. 06) | Variance<br>(%) |
|---|----------------------------------|----------------------------------|-----------------|
| Residual Conversion of company files <sup>1</sup>             | --                               | --                               | --              |
| % New incoming documents processed within 24 hours of receipt | 100                              | 100                              | --              |
| % Upgrade of the Image Management System completed            | 99                               | 99                               | --              |
| Volume of website transactions                                | 11,000                           | 32,150                           | 192.3           |

#### 6.4 Customer Service

COJ customers experienced longer wait times during the review period, consequent on factors including: continued difficulties with the completion of forms and the use of manual files which are sometimes difficult to locate. Rejections for the period were also at an unacceptable rate. In an effort to alleviate some of the frustrations being experienced, a desk was established for the dispatch of rejected documents.

Despite challenges, the Agency was able to surpass projections relating to its operational targets but failed to meet its time target in this area.

**Table 6: Customer Service Unit – Time Sensitive Indicators (2006/2007)**

| Performance Objective                               | Target  | Actual     | Variance<br>(%) |
|---|---------|------------|-----------------|
| Average time to provide copies of company documents | 20 mins | 47.74 mins | (138.7)         |
| Public Search (onsite)                              | 1,200   | 1,433      | 19.41           |

**Table 7: Customer Service Unit – Targets vs. Actual Performance**

| Performance Objective  | Target<br>(As at Mar. 07) | Actual<br>(As at Mar . 07) | Variance<br>(%) |
|------------------------|---------------------------|----------------------------|-----------------|
| Certified copies       | 35,000                    | 42,589                     | 21.68           |
| Uncertified copies     | 8,000                     | 8,444                      | 5.55            |
| Public Search (onsite) | 1,200                     | 1,433                      | 19.41           |

<sup>1</sup> Larger company files could not be converted prior to the implementation of the DPMIS. New company files were instead converted

## 6.5 Finance and Administration

Revenues collected for the Financial Year amounted to \$108.7M, which was 5.6% above budget, while expenditure for the same period, at \$105.8M, was 3.2% above projections.

**Table 8: Budgetary Allocation**

| <b>Revenue and Expenses Category</b>         |                             |                             |                          |                   |
|--|-----------------------------|-----------------------------|--------------------------|-------------------|
| <b>\$</b>                                    | <b>Actual to March 2007</b> | <b>Budget to March 2007</b> | <b>Variance (\$'000)</b> | <b>Variance %</b> |
| Companies                                    | 118,834,809                 | 116,560,000                 | 2,274,809                | 2%                |
| Business Names                               | 20,201,800                  | 12,400,000                  | 7,801,800                | 63%               |
| Searches, Copies & Others                    | 11,560,489                  | 8,829,999                   | 2,730,490                | 31%               |
| <b>Subtotal</b>                              | <b>150,597,098</b>          | <b>137,789,999</b>          | <b>12,807,099</b>        | <b>9%</b>         |
| Interest income                              | 5,017,932                   | 4,400,000                   | 617,932                  | 14%               |
| <b>Total Revenues</b>                        | <b>155,615,030</b>          | <b>142,189,999</b>          | <b>13,425,031</b>        | <b>9%</b>         |
| Operating Expenses                           | 144,033,791                 | 137,029,204                 | 7,004,587                | -5%               |
| Operating Surplus / (Deficit)                | 11,581,239                  | 5,160,795                   | 6,420,444                | 124%              |
| Operating Income Cover + Interest            | 108%                        | 104%                        |                          |                   |
| Funding From GOJ                             | 52,737,000                  | 41,254,000                  |                          |                   |
| COJ's Contribution to Consolidated Fund      | (60,000,000)                | (60,000,000)                |                          |                   |
| <b>Net Contribution to Consolidated Fund</b> | <b>(7,263,000)</b>          | <b>(18,746,000)</b>         |                          |                   |

Table 9 shows a summary of the financial out-turns for the last two financial years and the projection for the 2007/08 Financial Year.

**Table 9: Financial Out-turns 2005/2006, 2006/2007 & Projections for 2007/2008**

| <b>Descriptions</b>               | <b>2005/06 (\$)</b> | <b>2006/07 (\$)</b> | <b>2007/08</b> |
|-----------------------------------|---------------------|---------------------|----------------|
| GOJ Funding                       | 41,530,000          | 41,254,000          | 52,457,000     |
| Revenues                          | 138,017,000         | 134,089,900         | 182,070,000    |
| Contribution to Consolidated Fund | 69,009,000          | 60,000,000          | 62,000,000     |

## **6.6 Summary of Main Programmes for Financial Year 2007/2008**

During the 2007/08 Financial Year, the COJ will undertake the following programmes:

- Maintenance of guaranteed services.
- Improved service to customers with particular attention to strategies aimed at reducing the wait times for attendance.
- Continued public education on the Companies Act 2004 and education on recent amendments to The Registration of Business Names Act.
- Re-organization of operational units in order to improve human resource capabilities and customer service.
- Continued staff training on Companies Act 2004, company law and company secretarial practice.
- Upgrade of the Agency's website to facilitate online registration and payments.
- Conversion of all manual files to digitised images capable of being viewed on the COJ Website.

---

**Phillip Paulwell**  
**Minister**  
**Ministry of Industry, Technology, Energy and Commerce**  
**May 30, 2007**