

66th Annual General Meeting



the shipping association of jamaica

Friday, December 3, 2004

President's Message and Overview

We are mindful that the Port's viability must be secured. As such, we remain open to any discussion that seeks to ensure the competitiveness of the Port of Kingston in harmony with the welfare of our workers.

It is almost a year since those negotiations and we are scheduled to meet again with the lines with a view to reviewing our Memorandum of Understanding and to agree future levels of cess. We trust that the lines will honour our agreement and that together we can continue to build this industry to the benefit of all stakeholders. We again invite the lines to the table and hope that they will bring reason to the debate.

During the last year, the entire industry has had to contend with the immense cost and institutional changes that were required to ensure certification of our port under the International Ship and Port Facility Security (ISPS) Code. The Shipping Association of Jamaica continued to make its contribution in both financial and conceptual ways and to date nearly \$130-million has been provided to the Port Authority of Jamaica to help in defraying the substantial cost of the required security improvements.

It is now common knowledge that our Port gained certification ahead of the July 1, 2004 deadline for the introduction of the ISPS, and in fact was one of the first ports in the

hemisphere to have gained such certification. This indicates the power of collaboration. When we all faced a major challenge to ensure the future viability of our port and the protection of our nation's export markets, the industry came together, both public and private sector members, and made common cause to ensure that our port remains open to the world.

The challenge was immense, but then so was the effort. But while



SAJ President Harry Maragh (right) in discussion with CSA executives (from left) Nathan Dundas, of Antigua and Jose Busto, of Puerto Rico, during the Annual Shipping Executives Conference in St. Lucia, in May.

we celebrate, we must acknowledge that the challenge continues. Once certified, we must do everything in our powers to ensure that we remain so.

During the year, we continued to see changes in the structure of our industry. The Grace Kennedy Group, which is one of the dynamic contributors to the maritime sector, relinquished their 44% ownership

of Kingston Wharves, selling their stock to the National Commercial Bank, which has become a new partner in the local maritime sector. We welcome this investment by NCB and will continue to work with them toward the development of the sector.

From the point of view of the Shipping Association of Jamaica, we started a programme of transformation a little over three years ago with the aim of modernizing our approach to the industry, streamlining the operations of the secretariat and creating new revenue opportunities to drive our business into the 21st Century.

We can record many successes in all three of these objectives, although in all honesty we have to recognize that in some areas the job is yet incomplete.

Let me start by acknowledging our sincere regrets as a Managing Committee for the seeming lack of progress on the issue of constitutional amendment. I say seeming because from the purview of our wider membership it would appear that not a lot has

been done, but I want to reassure you that a lot of management and Managing Committee time was spent over the last year and before that to address members' concerns regarding the introduction of a modernized constitution taking into account the changes in the industry.

Indeed, we have continued to work on the changes to the constitution throughout the year and decided

President's Message and Overview

that it was best to face the membership when we were able to ensure that the changes we could propose benefited from the deepest consideration and were in the best interest of the association, the Port of Kingston and the industry as a whole.

We have addressed the issues of a wider membership and the implications of that for the Association. Indeed, we have considered what best ways to protect the core functions and responsibilities of the SAJ in the context of this wider membership.

We have prepared the draft of a totally re-worked document and were prepared to bring this to the membership. However, noted Jamaican constitutional lawyer, Dr. Lloyd Barnett, advised that we could not change our constitution by substitution of the old document by a new one, but only by minor alternations to sections.

The advice also confirmed that amendments must be taken at separate meetings. Hence, we could not bring to one meeting a large number of resolutions which together would give the effect of a replacement of the whole constitution.

With that advice in mind, the challenge was to decide what resolutions to bring to the membership and in what forum. We decided to bring the amendments to an Extra-Ordinary General Meeting with the Constitution being the only item on the agenda, to allow the membership time to satisfy itself on all related matters.

We also chose three resolutions which we believe were of critical importance to the future of the Association and which we believed were of utmost relevance to our members.

Let's take the issue of membership.

A. We know that the issue that has been of central importance to our membership is the question of widening the membership of the association, giving some companies who are now associate members the right to become ordinary members with full voting privileges. Hence, we prepared a resolution giving effect the question of a widened membership.

B. With the widening membership, we also wish to ensure that the future of the association is secured through the preparation of a resolution which safeguards sufficient assets in the Association to allow the continuation of its business into the future.

The current constitution allows members with a three-fourths majority vote to disband the SAJ and share its assets among themselves.

The resolution we prepared allows the members to share in what could be considered redundant assets but to ring-fence enough revenue in the Associa-

tion to allow the SAJ to continue to provide a fully trained labour force to the shipping community into the foreseeable future.

C. The final resolution sought to establish a code of conduct to guide the expanded Association and its membership in relation to standards of commercial behaviour that should be acceptable to a good corporate citizen.

However, faced with concerns voiced and put in writing by some members, we felt it appropriate to postpone the Extra-Ordinary General Meeting to engage the membership in further discussion about the nature of the changes that we are contemplating.

While we regard the fact of the postponement as a setback, we believe that it is manifestly important that we seek to ensure a clear understanding among our members about our vision for the expanded Association and so we will bring discussion around the constitutional changes early in 2005.

We are committed to the process and apologise to the membership that this remains a mission to be accomplished.

Another low grade on our performance chart is the question of the Port Community System concept that we have been exploring and which has not moved substantially in the year.

President's Message and Overview

While the concept has been found to be feasible, we have not been able to convert to working solution due to the absolute costs of introducing such a system versus the payback. We continue to explore our options with various providers and are convinced that in due course we will be able to negotiate an arrangement or build a solution that will be fitting to the needs of our port.

In the same breath, let me share with you the absolute pleasure of your Managing Committee that we were able to implement the demurrage and detention company, Assessment Recoveries Limited, during the year. I can also share with you the fact of its success to date in meeting its three primary objectives:

1. Improve the turn-around times for lines' equipment
2. Improve the collection of assessed charges
3. Provide a new source of revenue

While it is still early days for ARL, we are pleased that four (4) of the major shipping lines have started with the company, with another scheduled to join in January and two others giving signals of an early 2005 start date.

ARL continues to intensify its partnership with Kingston Wharves in the collection and is having meetings with APM Terminals with a view to entering a collection partnership with that facility.

Public acceptance of the Company is above the expectations of all parties and the collections have been smooth.

Our subsidiary, Port Computer Services Limited, which developed the software, is to be commended for the smoothness of its deployment.

On the softer side, let me report that we have finally received Mike Jarrett's draft of the history of the Shipping Association of Jamaica and we have circulated it to several key past and current leaders of the shipping industry with a view to ensuring the historical accuracy of the document.



The next step in the process is the editing and publishing of the book and on this we are contracting with Senator Anthony Johnson, the noted historian with whom we collaborated on the publishing of a book on Kingston several years ago. We expect that, all things being equal, the book will be published by March 2005.

Today, we will also show you the first cut of a video documentary on the history and contribution of the SAJ to the Jamaican society. We intend to have this widely distributed by VHS and CD-Rom so that the legacy of the SAJ can be more widely appreciated.

I use the word "legacy" advisedly, colleagues. I feel that as members of the Association all of us have a

particular responsibility to maintain the tradition of service that this industry and this Association have developed since 1939.

We are at a critical point in our history.

The challenges of balancing the security of our own state and that of our industry against the economic imperatives of trade are increasing in complexity.

We have taken a proactive stance with relation to both security and trade and are engaged in efforts to ensure industry-wide understandings of the issues concerning both.

We continue to work closely with our partners, the Port Authority of Jamaica, the Customs Department and others to boost the competitiveness of our industry.

We will continue to forge partnerships with the shipping lines on the one hand and the workers on the other to sustain the structures that have led our Port to be Number One in this region and among the top 65 on the planet.

I thank you for the confidence you have reposed in me personally as your President; and in the Managing Committee of which I have had the honour of being chairman for two terms.

I will look forward to continuing to serve this Association in whatever future capacity the membership deems fitting. I look forward to a fruitful discussion at this Annual General Meeting.

**Harry Maragh, President
Friday, December 3, 2004**

Annual Review - The Economic Environment

The Governor of the Bank of Jamaica (BOJ) has indicated that inflation for the September 2004 quarter was relatively moderate despite the effects of rising international oil prices and the challenges of Hurricanes Charlie and Ivan. This was attributed to the tight monetary policy exercised by the Central Bank that restricted core inflation to an estimated 1.1 per cent for the review quarter, as well as the relative stability in the foreign exchange market which tempered the impact of higher import prices.

Inflation is projected to fall in the range of 10.5 to 11.5

percent for the fiscal year 2004/2005 however, due to a sharp increase in inflation for the month of October as a result of a shortage in agricultural products from the effects of the recent hurricanes. Additionally, the effects of higher international oil prices is expected to be reflected in the consumer basket in the December 2004 quarter. A conservative ap-

proach to monetary policy by the BOJ to combat inflation served to push interest rates lower. This is expected to remain in effect to the end of the year.

The outlook for the domestic economy on a medium-term basis remains positive due to strong tourism earnings, growth in alumina exports, inflows of foreign currency remittances, and a healthy Net International Reserve (NIR) fund of US\$1.8 billion. The Government struck a two-year Memorandum of Understanding with trade unions that took effect in April 2004 to cap salary increases for most public sector employees, and to keep increases to no more than three per cent in cases where negotiations for new contracts had expired before that time.

The Bank reports continued improvements in the domestic economy attributed to the relative stability in the exchange rate and underpinned by growing investor confidence. At the beginning of January 2004, the exchange rate of the Jamaican dollar to its US counterpart was J\$60.42 to US\$1.00 and at September 30 the exchange rate was J\$61.65 to US\$1.00.

This represents a 2% devaluation compared to 17% for the same period last year. Against this background, growth in the economy is expected to continue albeit at a slower rate than originally projected. The assertion is that

continued strong growth in the world economy should have a positive impact on Jamaica's export, which is favourable news for the shipping industry.

The Shipping Association revenue has decreased due to a reduction in Cess rates of about 39% as well as a decrease of over 50% in

breakbulk cargo tonnage compared to the prior year. For the nine-month period, January to September 2004, the industry handled 96,280 metric tons of breakbulk cargo and 64,742 domestic containers. This level of activity compares with 201,250 metric tons of breakbulk cargo and 60,622 domestic containers for the corresponding period in 2003.

The reduction in Cess rates in February this year represented the second time in a ten-month period that the Cess rates were cut.

Negotiations between the lines and the SAJ regarding Cess rates are expected to continue in early 2005.



The Government predicts moderate inflation effects despite Hurricane Ivan

Communications, Member Services and Community Outreach

During 2004, the thrust of the Communications & Services Department continued to be the establishment and maintenance of mutually beneficial relationships with its various stakeholders including members, allied sectors, the public and private sectors and the immediate community in which the Association operates.

The limited manpower in the Department was affected further in the last quarter by the resignation of the Public Relations Assistant in September. Nevertheless, many activities were implemented and monitored to fulfill the Association's objectives. By the time of the Annual General Meeting, a new Communications and Member Services Manager will have been recruited.

MEMBERS' SERVICES

Agents' Committee

Throughout the year, the Department coordinated monthly Agents' Committee meetings and related sub-committee meetings. It was also responsible for follow-up activities on behalf of the Agents Committee. The Jamaica Customs Department's attendance at monthly meetings of the Committee proved to be a significant milestone in the work of the Committee. Attendance at meetings by the Director of Marine Operations and the Supervisor of Marine Operations ensured that difficulties were addressed almost immediately.

During 2004, this committee focused on a number of issues, chief among them being:

- i. Electronic Transmission of Manifests
- ii. Port Community System
- iii. Security Matters:
 - ISPS Code
 - Port Authority of Jamaica's X-Ray Machines and Security Fees
- iv. Customs Matters:
 - Review of Customs Act (the review was completed and submitted to the Ministry of Finance for inclusion in the revised Customs Act)
 - SAJ Constitution



Agents Committee Chairman, Paula Pinnock speaks to fellow Managing Committee members, Vice President Michael Bernard (left) and Grantley Stephenson.

Port Community System

The Association's management has been pursuing options for the introduction of the Port Community System, including an examination of whether the Tideworks and COSMOS systems in use at Kingston Wharves and APM Terminal were feasible alternatives and whether an interface between the two systems was feasible. This was after discussions broke down on the questions of cost and IT platform with the British provider, MCP Plc.

The review of the COSMOS/Tideworks alternative included an analysis of how Customs would gain access to the two systems, investigation of the licensing and intellectual property issues surrounding the use of the software, and the cost of purchasing any relevant software.

Based on the analysis, it was concluded that a COSMOS/Tideworks alternative was not feasible and alternatives are still being pursued, including the development of a local solution. This is an issue that is not expected to be resolved in the short term.

Members' Directory

A draft of the Members' Directory was prepared and the draft edited. Its publication, intended to serve as a marketing tool for the members of the Association, should be completed shortly for distribution to members.

Communications, Member Services and Community Outreach

SAJ History

A draft of the manuscript has been received and circulated to shipping interests for their comments. An editor has been identified and printing of the book should take place early in 2005.

PROMOTIONS AND PUBLICITY

Shipping Feature

The main outlet for the Association and industry news to the public is the Shipping Feature, published every Tuesday in **The Gleaner**. The Association was able to get some additional advertisements, leading to several two-page allocations, however this has not been sustainable.

While members who have consistently advertised must be acknowledged, others must be encouraged to support the feature through advertising and benefit from a discounted advertising rate.

Our efforts to convince members to support the feature through advertising will continue during the coming year. We are also using this medium to encourage members of the Association to enable the publication to survive through your advertising. Please contact the Communications and Services Department.

General Media Coverage

The SAJ limited its exposure during the year, with publicity focused mainly in the print media. Press releases from the Association and independent news items have been aired on Radio Jamaica and Power 106, and published in the Daily Gleaner and Jamaica Observer.

The Port Authority of Jamaica and the Shipping Association of Jamaica began a public education programme on the ISPS Code in January.

COMMUNITY OUTREACH

The SAJ continues to make an impact on the Greenwich Town area, which is confronted with many socio-economic challenges.

The Department maintained its liaison with the community and supported the usual social activities to benefit the youth as well as senior citizens.

During the year, the community outreach clinic operated every two weeks and the Association helped the Sports and Youth, and Football clubs; continued sponsorship of the Marcus Garvey Basic School and organized the Annual Christmas Treats for the elderly and students of the basic school:

(i) Outreach Clinic

The SAJ Community Outreach Clinic, launched on November 13, 2002, and operating since January 2002, has benefited some 1500 persons to date.

This project is regarded as a worthwhile community development effort to help strengthen the social fabric of the community and promote wellness among the residents of Greenwich Town.

(ii) Marcus Garvey Basic School

Sponsorship of the Marcus Garvey Basic School continues, with the Association subsidizing the teachers' salaries for seven (7) months out of the school year.



The community relies on SAJ's benevolence and this brings considerable goodwill to the shipping industry which operates on the doorstep of some of the city's most depressed communities. The mobile clinic is just one project in a portfolio of community assistance and outreach.

Communications, Member Services and Community Outreach



The SAJ provides scholarship and other educational assistance to children on administrative staff, portworkers as well as children of employees of member companies.

The Association also provides subvention in other areas. The school's financial situation improved considerably during the period.

The Association has outlined to the school's board that it will continue sponsorship in the form of payment of salaries for the seven-month period, which was increased during the year under review.

SAJ's sponsorship has also helped with educational trips, acquiring resource materials, and the Annual Christmas treat for students.

We must also acknowledge the direct contribution from members to the institution.

(iii) Senior Citizens Treat

The Annual Christmas Treat for the Greenwich Town 'Golden Agers' is scheduled for December 14, with more than 150 senior citizens to benefit from meals and gift packages of grocery items.

This continues to be a most rewarding experience and seniors continue to look forward to this activity.

This outreach programme is closely monitored so that only persons with a genuine need receive the benefits.

Other Sponsorship/Donation:

In addition to major sponsorships, the SAJ has also supported/assisted other charities in the areas of health, education, sports and social upliftment. A concerted effort was made to direct our support to the most needy charitable organizations. In this way more persons benefited from the donation. The charities include:

- .. Heart Foundation of Jamaica
- .. The Cancer Society of Jamaica
- .. University of Technology
- .. Mustard Seed Communities
- .. Jamaica Association for the Deaf
- .. Boys' Town All Age School
- .. Mona Rehabilitation Centre
- .. Save the Children Foundation

SAJ-SPONSORED AWARDS

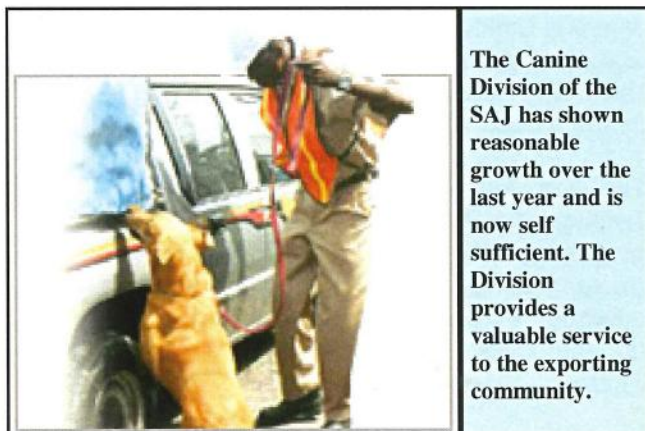
During the year under review, the SAJ sponsored two major awards:

The JEA Exporter Award

Jamaica Gypsum and Quarries Limited was presented with the SAJ Award for being "The Exporter with the Highest Tonnage Usage of Port Bustamante in 2003".

UTECH Administrative Management Award

The SAJ award for outstanding achievement in the Bachelor of Science Degree in Administrative Management at University of Technology was presented in April to Claudine Campbell. She was employed during the summer to assist in the Human Resources Department.



The Canine Division of the SAJ has shown reasonable growth over the last year and is now self sufficient. The Division provides a valuable service to the exporting community.

Communications, Member Services and Community Outreach

INDUSTRY RELATED ACTIVITIES

Shipping Industry Awards Dinner

Under the chairmanship of the General Manager, the Shipping Industry Awards Dinner is scheduled for March 5, 2005 at the Jamaica Pegasus Hotel. A committee has begun the work of organizing the logistics associated with this event, and includes Kingston Wharves Limited, APM Terminals and Port Authority of Jamaica, the Agents Committee and internal staff.

SAJ Library

The SAJ Library continues to be a repository of information for users including students of the Caribbean Maritime Institute, other tertiary institutions, industry personnel and members of the wider public.

The Library was extensively reorganized during the period. Beginning in July, an arrangement was made with EXED Community College for the assignment of a final year student in Library Studies to undertake the upgrade of the SAJ Library for the summer holidays.

Obsolete books and non-book materials (for example, periodicals, newspaper clippings and photo negatives) were weeded from the Library's collection. Photographs were sorted, labeled and arranged by themes, while newspaper clippings, audio and video cassettes were catalogued. The SAJ also acquired the latest UNESCO cataloguing software and staff trained in its use. The training was conducted by the National Library of Jamaica (licensee of the software).

The Canine Service

With the introduction of the ISPS Code in July this year, it was feared that the number of companies using the dogs to sniff for narcotic substances would be in jeopardy. In fact companies are using both the canine and the scanning machines for their exports.

Up to the end of October 2004, the average number of monthly inspections was 124. The assignments were reduced in September due to the effects of Hurricane Ivan. The immediate needs of the Division are the replacement of 10 of the present 17 dogs to ensure the continuation of an effective service. We are in the process of improving the office accommodation for the staff of the division.

The fleet of motor vehicles was increased and the Division now has four (4) pick-up trucks.



The Shipping Association of Jamaica has served as cradle to the CSA and takes seriously its commitment to the regional organisation. SAJ President Harry Maragh (middle of photograph) and Immediate Past President Grantley Stephenson are both Council members of CSA. In this photograph, Mr. Maragh is speaking with SAJ General Manager Trevor Riley and the General Manager of the Shipping Association of Trinidad and Tobago, Jennifer Gonzalez as they prepared for a meeting of the CSA National Associations Group.

Caribbean Shipping Association (CSA)

The Caribbean Shipping Association (CSA) successfully concluded its biennial meetings in St. Lucia in May and Cartagena in October 2004. The Association re-elected Mrs. Corah-Ann Robertson-Sylvester of Jamaica as President; and Fernando Rivera of Puerto Rico as Vice-President for the year 2004/2005.

The CSA sponsored two training programmes - one in Antigua (April) on ISPS Code and the other on Ship Agency Management in Barbados (September).

Territorial reports were prepared by the SAJ and submitted to the CSA.

SAJ Website

The website, previously shared with Port Authority of Jamaica has been discontinued and an independent website developed. The address is:

<http://www.jamports.com>

SAJ Corporate Video

An 11½ minutes video of the SAJ depicting the Association's history and contribution was filmed in November, despite the delays imposed by Hurricane Ivan. The video will be shown at the AGM for members' review.

Communications, Member Services and Community Outreach

Public Enquiries

To date, the SAJ has responded to 127 public enquiries usually pertaining to importation and exportation of goods, contact details on agents or lines represented in Jamaica, and information on Customs.

Montego Bay Chapter

There was not much activity with the Montego Bay Chapter during the year. The President and General Manager visited in July to oversee operations there.

Jamaica Trade Point/TDP

The SAJ is engaged in discussions with JAMPRO on funding opportunities available to the Association. These included the possibility of accessing the PROINVEST programme for conducting a cost-benefit-analysis for the port community system, the new Private sector Development Programme for Capacity Building such as a Business Plan and a re-visit of the Cluster Competitiveness Project.

IAASP Conference

The President of the SAJ delivered Opening Remarks at the International Association of Air and Seaports Police Conference, held June 20-25 in Montego Bay, Jamaica, which hosted the 35th Annual Conference of the International Airport and Seaport Police (IAASP) at the Wyndham Rosehall Hotel, June 20-25, 2004, obtained an 8.7/10 rating for the Conference. At its post-Conference meeting on July 9, the Port Authority of Jamaica also expressed appreciation to the SAJ, for underwriting some of the expenses associated with the Conference.

Cargo Clearance at Port Bustamante

The Managing Committee at its September meeting mandated the formation of a committee to examine difficulties in clearing cargo from Port Bustamante. The Committee has met and established aims and objectives of the study, terms of reference, possible difficulties and challenges and a plan of action. Deadline for completion of this study is first week of January 2005.

Members of the Shipping Association of Jamaica meet regularly at the Association's headquarters in seminars organized by the SAJ to consider issues relating to the industry. During the year, sessions were held to discuss the new Companies Act, The Caribbean Single Market and Economy, the Free Trade Areas of the Americas and WTO agreements, as well as to discuss the Customs Act and general Customs procedures.



Human Resource Development

Joint Labour Agreement

The two-year Joint Labour Agreement, which began on November 1, 2003, expired on October 31, 2004. Negotiations for the new contract period ending October 31, 2005 is underway.

One of the critical features of these negotiations is the SAJ's determination to secure an amicable agreement on its counter claim served on the Unions. The claim seeks, *inter alia*, to establish:

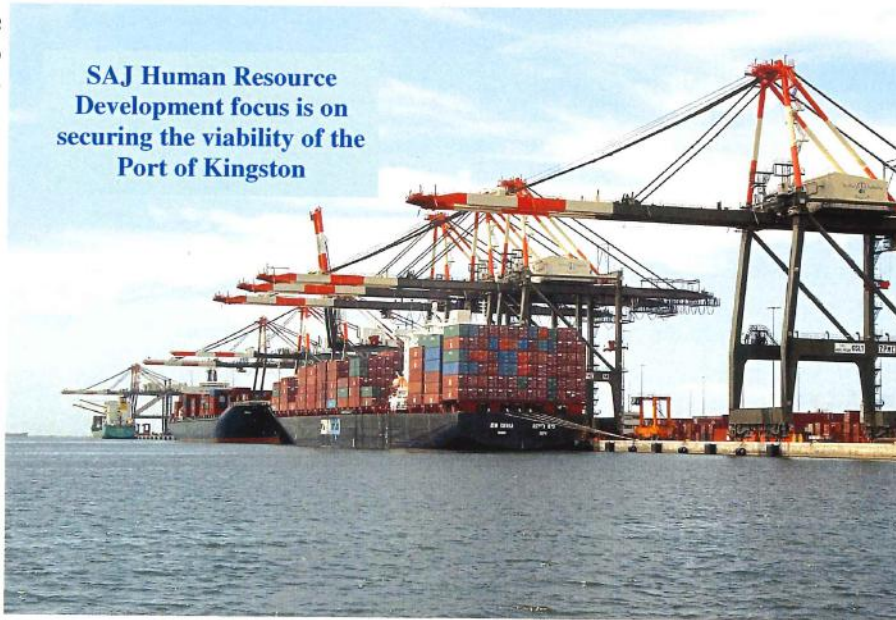
- A comprehensive grievance and disciplinary Procedure
- Code of conduct for Delegates
- New cost saving provisions for payment during illness (PDI)
- A revised schedule of offences and penalties

The unions, on the other hand, wish to align the SAJ's wage rates and several other fringe benefits, inclusive of lunch vouchers, meal and travelling allowances, with the rates paid to the workers at APM Terminal. In supporting their position, the unions maintain that both sets of workers are engaged under similar conditions of employment and enjoy certain common facilities.

After nine (9) meetings at the local level, the parties have arrived at a common understanding on several items of the claim.

If an agreement can be reached on the new Joint Labour Agreement without the intervention of the Ministry of Labour, this would be an historical achievement.

SAJ Human Resource Development focus is on securing the viability of the Port of Kingston



As at October 31, 2004, the complement of registered stevedores was 107, augmented by 84 casual stevedores (A-men). During the period, three (3) workers resigned to take up job offers at APM Terminal.

The registration of an additional twenty (20) stevedores is being examined, with selection from among the SAJ's current pool of casual workers.

Casual stevedores continue to be engaged on fix-term contracts of six months.

The terms and conditions of their standard contract were reviewed in September to reinforce provisions promoting an even more disciplined and productive cadre of casual workers.

Staff

In an effort to maximize the efficiency and development of all staff members, a new appraisal system has been developed for implementation.

The new method will facilitate a systematic and objective means of ranking the performance of each staff member

with assessment being based on a defined set of skill-based performance factors. Three (3) positions were made redundant during the year, while two (2) persons resigned. A Human Resource Development Manager, a Financial Controller and a secretary were employed.

Additional staff was also em-

ployed for the Canine Division and Assessment Recoveries Limited (ARL).

The staff complement of 65 is as follows: Administrative – 37, Port Computer Services Ltd – 11, Canine – 13 and ARL – 4. The ARL staff was employed by the SAJ for secondment to ARL under the terms of the SAJ's management contract with ARL.

Human Resource Development



The SAJ pays for the services of a medical team to provide care for retirees, widows as well as residents of communities bordering Port Bustamante.

and notices are posted on the Terminals as well as the Recruiting Centre to reinforce rules and guidelines for safe work practices.

These initiatives are being developed against the background that the available data reveal that the majority of accidents are caused by unsafe work practices.

Kingston Wharves and APM Terminals as well as the SAJ have deployed personnel and implemented measures to contain and reverse the current trends. Joint safety inspections have commenced and these will continue as a means of providing adequate feedback to the Executive Safety Committee for review and action.

Sick Leave/Health Care Costs

The utilisation level of the sick leave facility by port workers for non-job related illnesses is alarming. For example, while there were 59 accidents during the period under review, sick leave resulting from job related illnesses and

ENVIRONMENT, HEALTH and SAFETY (EHS)

Ship Generated Waste Reception Facility

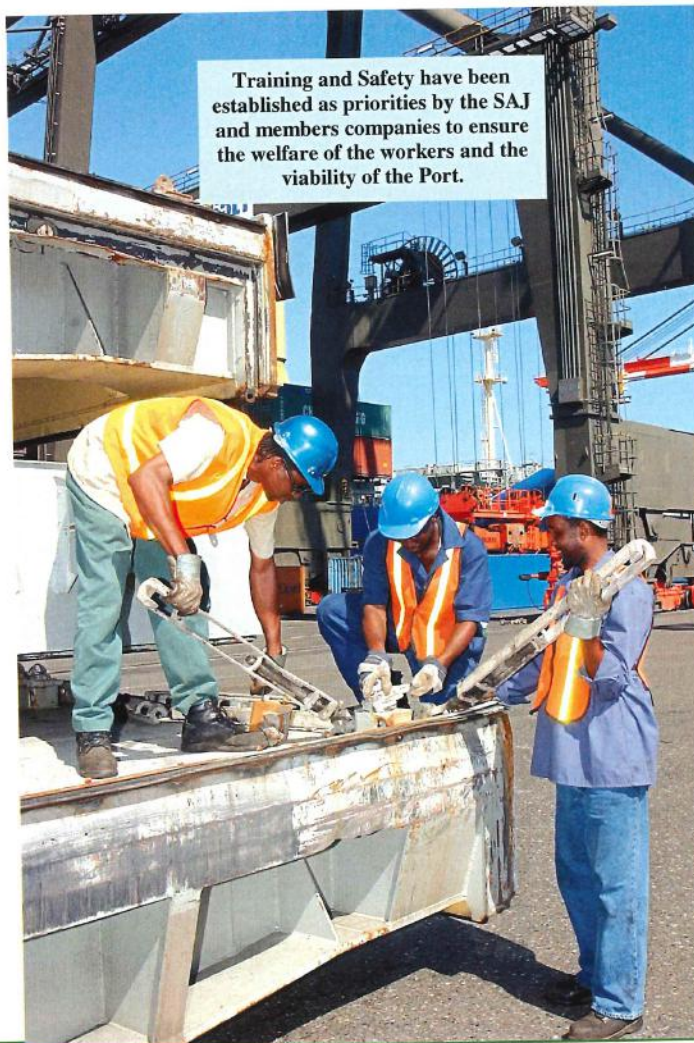
SAJ continues to be represented in discussions and deliberations on the development of a Waste Reception Facility. A Memorandum of Understanding between the National Environment and Planning Agency (NEPA) and the Maritime Authority of Jamaica (MAJ) was signed to provide tender documents for the construction of a Ship Generated Waste Reception facility.

Accidents

The level of accidents, both industrial and on the job, remain at an unacceptable level of 59 for the period Jan-Oct 31st. This represents an increase of 11 or 23% over the corresponding period last year, with "R" men accounting for 27 and "A" men 32.

In an attempt to minimize the number of these accidents, and to sensitize members, workers and unions of the need to create a safe and healthy workforce, the SAJ and its member companies have revitalized the commitment, function and relevance of the Executive Safety Committee. This Committee comprises representatives of the operating companies, terminals, SAJ, unions and delegates.

Occupational Safety and Health is being given priority and reinforced through the training and development at all levels of the organization. In addition, a cooperative effort is being undertaken to ensure that safety signs



Training and Safety have been established as priorities by the SAJ and members companies to ensure the welfare of the workers and the viability of the Port.

Human Resource Development



The Shipping Association of Jamaica employs a small but highly skilled and dedicated administrative team.

injuries cost the SAJ \$1-million, while non-job related illnesses accounted for \$3.3 million over the same period. This excessive cost is attributed to specific pockets of stevedores who continue to claim extremely high levels of the sick leave benefit. To arrest this situation, the SAJ is adamant that the unions must respond favourably to its counter claim seeking to amend the provision for Payment During Illness.

A joint committee comprising representatives of the SAJ and Delegates is reviewing the current medical scheme for Port workers. The Committee was re-established as an extension of the negotiation process to review the unions' claim for improved health benefits for the new contract period.

The Port workers' utilization rate now stands at 62% for the period November 3, 2003 to October 31, 2004. Current cost for premiums is approximately \$8.35M per annum. As at October 31st, there were 273 Retirees and 223 Spouses.

Routine Annual Medical

Against the growing concern for the wellness of the workforce in addition to the need to minimize loss of income and productivity due to repeated illnesses, the SAJ adopted a more aggressive approach to ensure that workers completed their annual medical examination on a timely basis.

These include (a) withholding the payment of sick leave from the delinquent worker until the medical was completed and (b) the refusal to issue work to person(s) who had not completed their medical.

The response was positive and there was no need to apply the latter.

HIV/AIDS Policy

An HIV policy has been developed and is currently being reviewed for approval and subsequent implementation.

Human Resource Development

Recruiting Centre

The restrooms at the Recruiting Centre were extensively refurbished and port workers' lockers are now being repaired.

A section of the building was also refurbished to provide an enhanced first aid and medical consultancy area for the workers.



TRAINING & DEVELOPMENT

As part of its focus to create a high performance work team, the SAJ continued to support the training and development of its employees. Members of the administrative staff were trained in various disciplines such as project and supervisory management, industrial relations and stress and conflict management.

In the port worker category, three (3) winch operators completed their programme. Regrettably, one of the trainees, Floyd Stephens, died in August. Five other winch trainees are now finalizing their programme at the Caribbean Maritime Institute.

In addition, the Institute will also be conducting a general stevedoring training course for all SAJ port workers following the completion of the winch training programme. The latter course is specifically designed with an emphasis on safe operating procedures.

The Association also sent 64 workers to Advanced Driver Training Centre (ADTC) to enhance their knowledge and skills in safe and defensive driving techniques, particularly to meet the needs and standards of loading and off-loading car carriers.

The Association has also embarked on a new venture with APM Terminals to identify suitable SAJ workers to be trained as gantry crane operators, straddle carrier operators and stevedore coordinators. Training for the three categories is in progress.

A total of 16 stevedores are engaged in the current training exercise. Up to 60 men may benefit over the next six months.

Programmes for employee development included rap sessions on investment and retirement planning and a well-received motivational talk by Mr Oliver Jones, former Chairman of Island Life Insurance Company.

Scholarship Programme

This year the Association awarded 33 scholarships to children of employees attending high schools and tertiary institutions.

Education Assistance

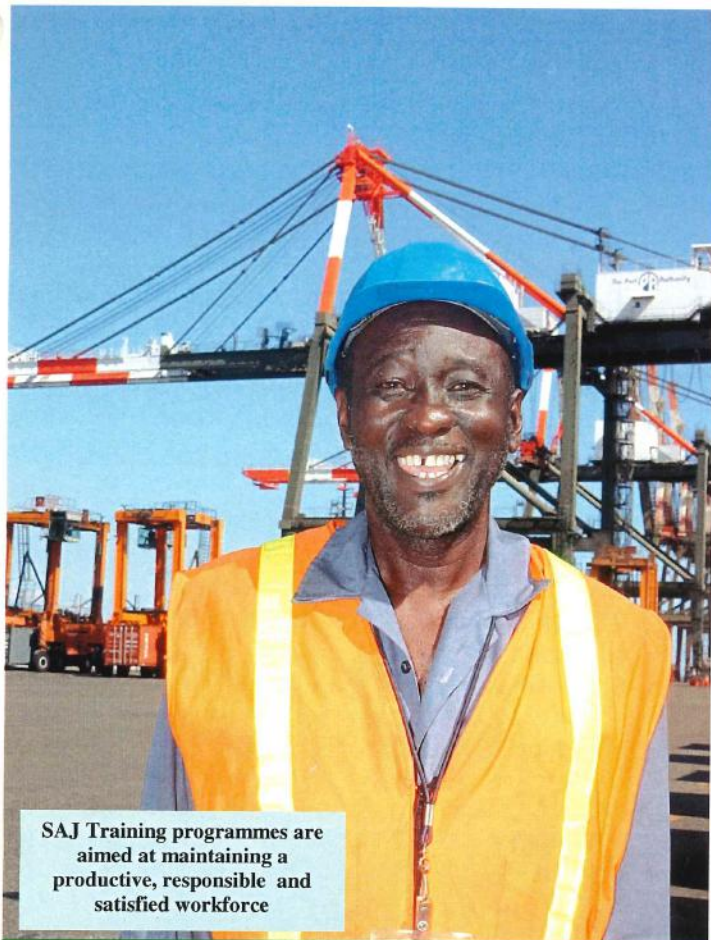
Over 390 children of employees in the Industry benefited from an educational grant to assist with back to school expenses in September.

Discipline

Absenteeism, early quitting and lateness of stevedores continue to affect terminal operators and stevedoring companies.

This is accompanied by the failure of the parties to adhere to reasonable and established procedures for resolving grievances, complaints and incidents of misconduct.

Human Resource Development



Training Objectives

The desired outcome of the current wave of training and awareness programmes in place for managers and workers, as well as a collective effort to revise the grievance/disciplinary procedure, will result in positive behavior modification at all levels within the organization.

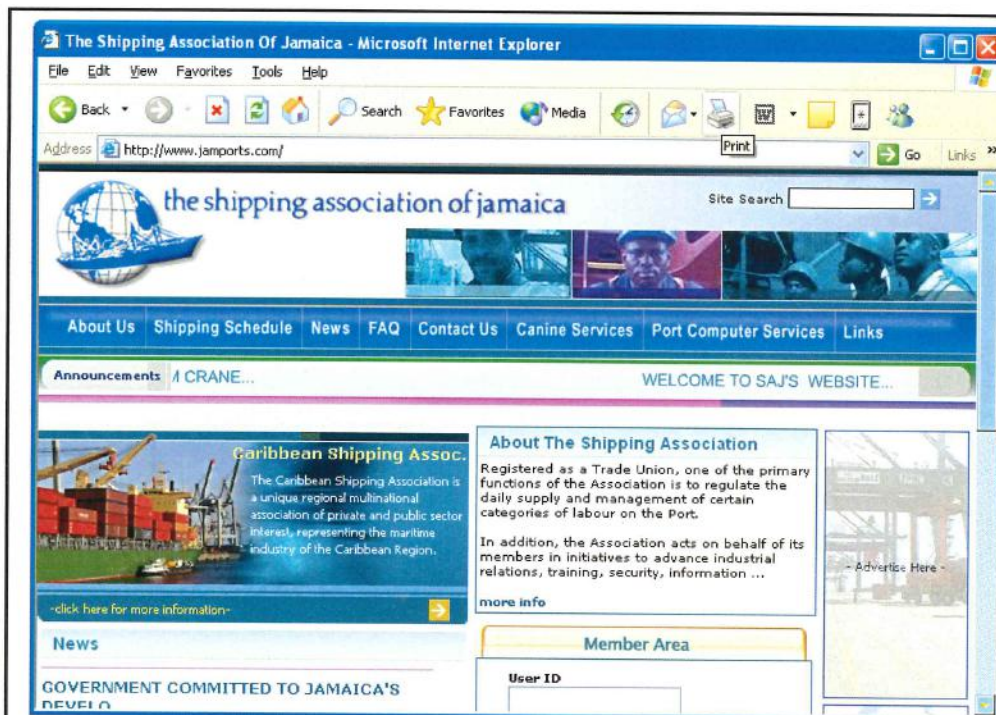
Productivity

Effective October 1, 2004, the Container Productivity Incentive Norms were revised where the current norms would remain in force for the last quarter; October to December 2004, with the proviso that the norm of each class would move up by one (1) at January 1, 2005.

A Break Bulk incentive scheme is currently in place.

Work has been progressing slowly on the development of a Stripping and Stuffing Incentive Scheme being conducted by the KPMG Consultants.

The Team is currently collecting historical data from Kingston Wharves and observing other measures to finalize the process with a view to implementing a revised Break Bulk incentive scheme by year-end.



On the left is a screenshot of the new Shipping Association of Jamaica website. There are several advertising spaces available to members. Please contact the Communications and Services Department for rates and technical information. The SAJ website is a useful tool with which to promote your business and is one of the first points of reference for people locally and overseas who are doing research on the shipping industry; or simply trying to identify agents.

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Port Computer Services Limited

Overview

The company's performance for the year 2003/2004 was steady with a marginal increase in revenue compared to last year. This is commendable given the increasing competition in the information technology industry, as companies cut back on their operating expenditure and the fact that the company concentrated heavily on restructuring its operations this year.

Revenues at the end of October increased by 3% to \$64M when compared to the same period last year. Pre-tax profit is \$10.2M compared to \$15.7M for the same period last year, but this decrease can be explained by a one time \$5.5M staff restructuring cost that the company had to cover in the first quarter of the year.

The company undertook a staff restructuring exercise to ensure that it was properly staffed with the human resource and skill set to make it more relevant to an increasingly demanding and value conscious customer base. The company is also in discussion with a local IT company with a regional and global reach to develop a strategic partnership that will allow the company to increase its service offerings and marketing capabilities.

Accomplishments 2003/2004

During the period under review the company accomplished the following:

- 1) Completion of the network infrastructure upgrade to standardize Cisco Gigabit capable switches.
- 2) Development and Implementation of the ARL Demurrage and Detention Collection Software (ADiS)
- 3) Upgrade of Messaging Infrastructure to Exchange 2003.
- 4) Implementation of Great Plains Accounting System at the SAJ.
- 5) Development and Implementation of an EDI Interface for KWL.
- 6) Disk Upgrade of our AS400 servers.
- 7) Provision of Business Continuity Service for Se-prod Limited.
- 8) Development of a Customized version of the Agency Information System (Agis) for a major Shipping Agency.



Port Computer Services Limited

Marketing

The company completed two systems development projects during the period under review. The company completed the implementation of a Demurrage and Detention Collection System (ADiS) for Assessment Recoveries Limited.

PCS is in advanced discussions with a Caribbean island to purchase the licensed use of the ADiS software. A customized version of the Agis software for a local shipping agency is also being developed.

The company also signed a contract with Seprod Limited to provide Business Continuity Services.

Equipment And Communication

The following equipment was acquired:

1. Cisco Gigabit Routing Switch and Auxiliary Switches.
2. State-of-Art Dell Rack and Rack Mountable Servers.
3. Panduit Network Cabling System

Staff Matters

There were no resignations during the period under review. Two posts were made redundant in the first quarter as operations were restructured to increase relevance.

The company is sponsoring two staff members who are pursuing the Masters of Science degree in Information Technology at the University of the West Indies (Mona).

Some staff members attended a networking course in order to keep their knowledge base current.

Financials

For the period January to October 2004, PCS is reporting a net profit of \$10,201,0698. Turnover for the period was \$64,071,109.

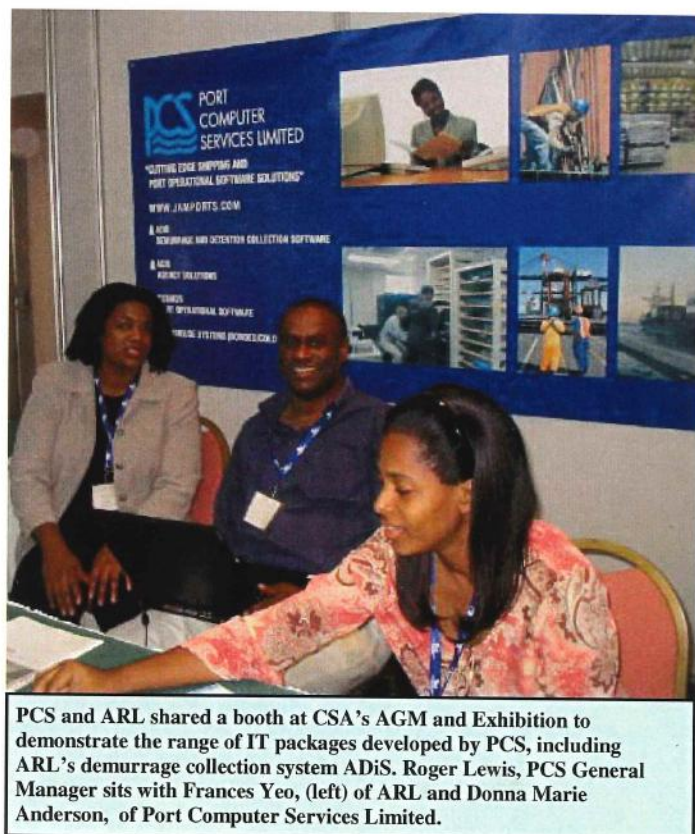
Total Year To Date expenses were \$53,869,410. The increase in expenses is largely attributable to the one time \$5.5M staff restructuring cost.

Comparative figures 2004 and 2003

(Year To Date)

	YTD 2004	YTD 2003
Profit/CLoss)	10,201,698	15,761,028
Income	64,071,109	62,254,330
Expenditure	53,869,410	46,493,302

Fixed assets acquired during the period amounted to \$6,991,271 while repayment of long-term liabilities was NIL. The balance owing by the SAJ at October 31 was \$454,456.



PCS and ARL shared a booth at CSA's AGM and Exhibition to demonstrate the range of IT packages developed by PCS, including ARL's demurrage collection system ADiS. Roger Lewis, PCS General Manager sits with Frances Yeo, (left) of ARL and Donna Marie Anderson, of Port Computer Services Limited.

Charts and Graphs

Human Resource Management Statistics

The table below sets out the current basic earnings of stevedores and winch operators:

JIC Categories	\$ Per Hour	\$ Per Shift	\$ Per Week	\$ Per Annum
<i>Winch Operator</i>	396.968	2,778.78	13,893.90	722,482.80
<i>Stevedore</i>	354.874	2,484.12	12,420.60	645,871.20

The table below sets out the manpower utilisation at the two wharf companies:

MANPOWER UTILIZATION

Year	KCT Vessels	KCT Gangs	KW Vessels	KW Gangs
Jan-Oct 2004	1,450	3,655	551	1,187
Jan.-Oct.2003	1,438	3,250	597	1,223
Jan-Oct.2002	1,211	3,028	636	1,308

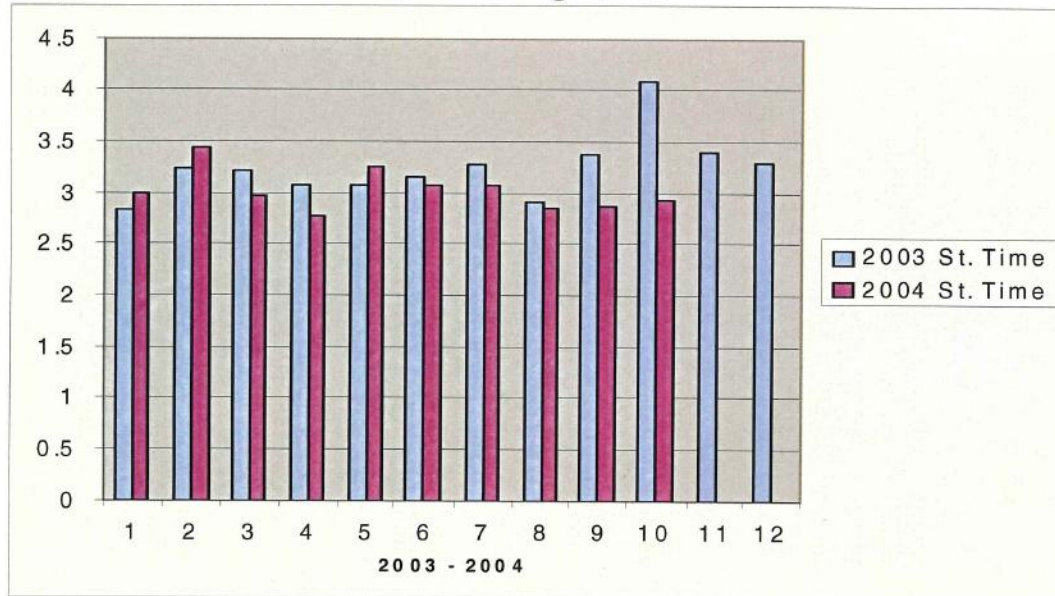
Productivity Norms for Containerised Cargo

Class Vessel	<u>Current Norms</u>	<u>Projected Norms</u>
	<u>2004</u>	<u>2005</u>
A	27	28
B	24.5	25.5
C	24.5	25.5
MP	23	24

Charts and Graphs

Graph 1

StraightTime



Graph 1 displays the straight time utilisation for registered stevedores on the basis of 'any 5 of 7 days', that is, for October 2004, stevedores actually did hands on work (real touch time) for over 2.8 out of 5 days, whereas for October 2003, the hands on work was higher at approximately 4 days. The average number of days worked in 2003 was 3.22 when compared to 3 in 2004. The level and cost of guarantee pay has increased compared to a similar period for 2003. Graph 2 depicts the levels of Guarantee Pay, which has increased compared to a similar period for 2003.

Graph 2

Guarantee Pay

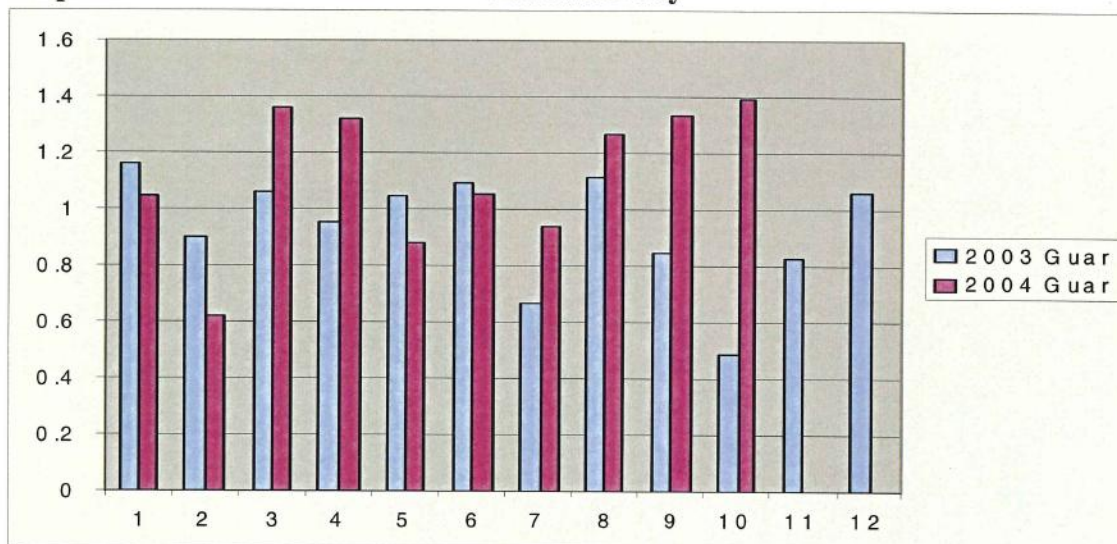
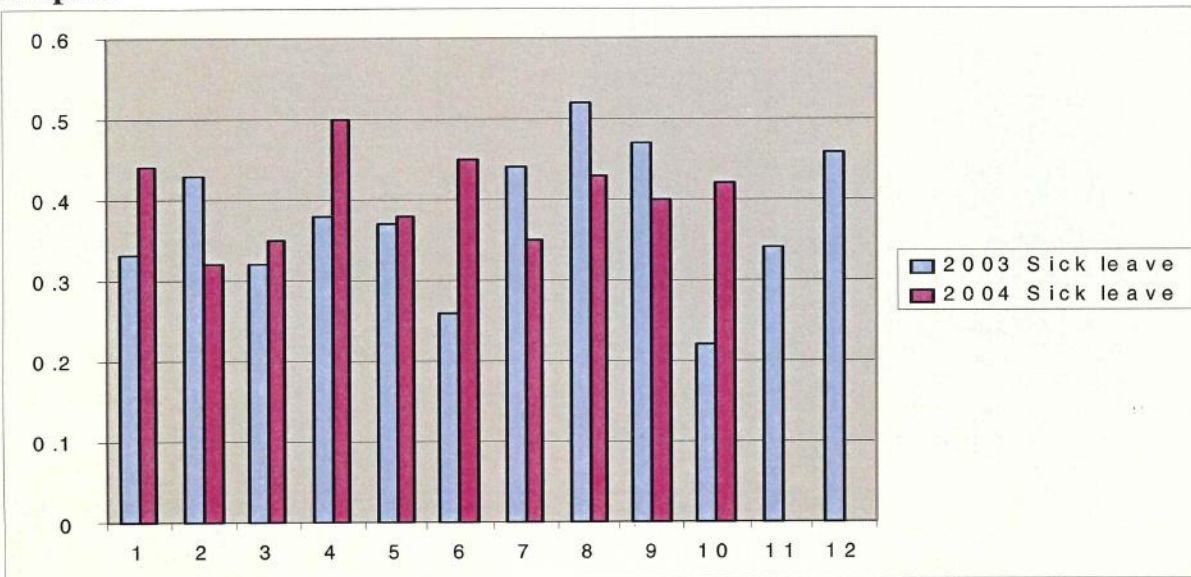


Chart and Graphs

Graph 3

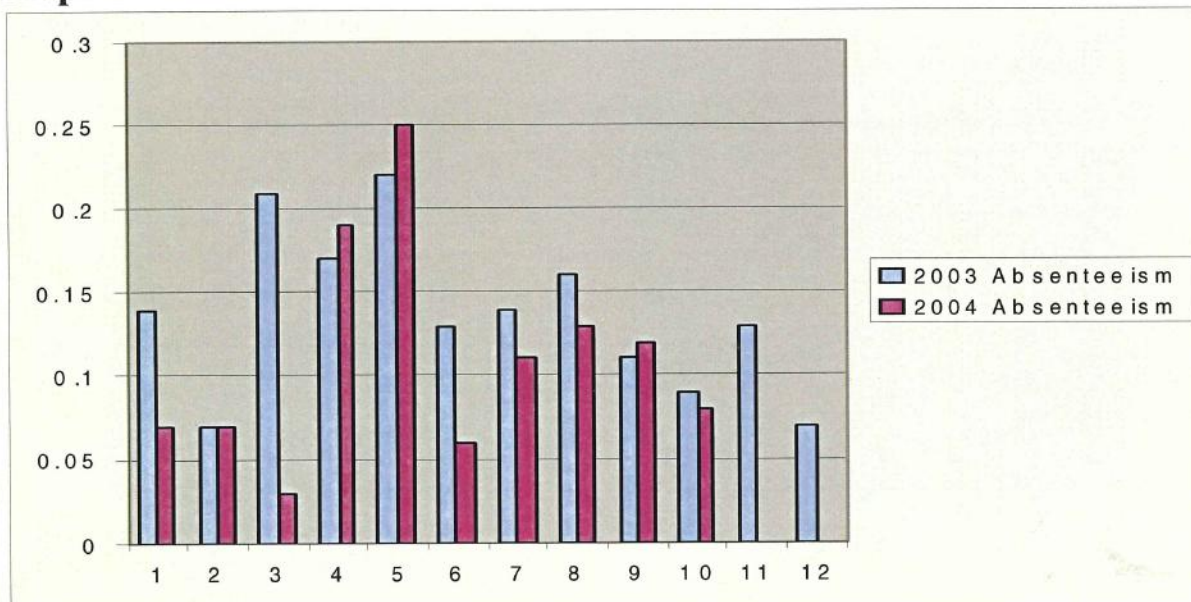
Sick Leave



Graph 3 illustrates that in 2004, six of the ten months under review had showed a marked increase in the utilization of sick leave over the corresponding months of the previous year. On an average, in 2003 sick leave utilization rate stood at 0.374 days compared with 0.4 days in 2004. The increase is generated primarily by persons who have not suffered injuries or hospitalization. Graph 4 illustrates slight reduction in absenteeism, but also points to the need for vigilance.

Graph 4

Absenteeism



NOTES

NEW MANAGING COMMITTEE



the shipping association of jamaica