

CABINET AGENDA ISSUES – 30 NOVEMBER 2017

The House is asked to note the following matters which were considered by the Cabinet at its meeting held on 30 November 2017:

1. Contracts;
2. Board Appointments;
3. The National Craft Policy;
4. Central Government Loan to PETROJAM Limited to Support Operations;
5. Revised Policy on Government-Funded Credit Card;
6. Development of a Pilot Public-Private Partnership Project for Energy Efficiency and Solar Energy in Public Schools;
7. Establishment of a National Trade Portal;
8. Implementation of the National Routine Maintenance Programme Due to Continuous Rainfall Over the Period June to November 2017; and
9. Reports.

Each matter shall be elaborated on in turn.

1. Contracts

(i) Maintenance Support for the Revenue Administration Information System (RAIS) for Tax Administration Jamaica (TAJ)

Cabinet approved the award of a contract in the amount of US\$2,150,000.00 (excluding General Consumption Tax) to FAST Enterprises LLC for the provision of maintenance support for the Government's Revenue Administration Information System (RAIS) for a period of two years.

The service provider will be tasked with providing technical support to Tax Administration Jamaica (TAJ) for the RAIS which is a critical component of the TAJ's service delivery model.

(ii) Award of a Direct Contract for the Upgrade of the Port Authority of Jamaica's Financial Information and Communications Technology Infrastructure

Cabinet approved the award of a contract in the amount of US\$781,615.00 to Oracle Caribbean Inc. for the upgrade of the financial information communication technology infrastructure of the Port Authority of Jamaica (PAJ).

This procurement forms a part of a series of information systems projects aimed at implementing first-class information technology support and re-engineering the business process of the PAJ.

(iii) Variation and Extension of Award of Contracts for the Supply of Pharmaceuticals – National Health Fund

Cabinet approved the variation of 18 contracts and the extension of 15 contracts for the supply of pharmaceuticals to the National Health Fund as outlined below:

(a) contract price variations for the period 1 September 2015 to 31 August 2017;

	SUPPLIER	VALUE OF AWARDS	VALUE OF AWARDS	PROJECTED VARIATION VALUE FOR REMAINDER OF CONTRACT PERIOD	PROJECTED VARIATION VALUE FOR REMAINDER OF CONTRACT PERIOD	VARIATION
		US\$	JD\$	US\$	JD\$	%
1	HEALTH BRANDS LTD. / H2K	317,152.94	\$40,595,576.32	80,000.00	10,240,000.00	25%
2	MEDIMPEX W.I. LTD	478,404.90	\$61,235,827.20	180,000.00	23,040,000.00	38%
3	T. GEDDES GRANT	507,805.87	\$64,999,151.36	180,000.00	23,040,000.00	35%
4	RENAL DYNAMICS LLC DRUGS	618,728.50	\$79,197,248.00	450,000.00	57,600,000.00	73%
5	MASSY DISTRIBUTION LTD. / SANOFI	620,322.44	\$79,401,272.32	800,000.00	102,400,000.00	129%
6	INTAS PHARMA	737,432.45	\$94,391,353.60	240,000.00	30,720,000.00	33%
7	T. GEDDES GRANT DR REDDYS	750,344.30	\$96,044,070.40	150,000.00	19,200,000.00	20%
8	GLAXOSMITHKLINE	869,578.15	\$111,306,003.20	400,000.00	51,200,000.00	46%
9	ELI LILLY	1,014,300.00	\$129,830,400.00	250,000.00	32,000,000.00	25%
10	LASCO DIST. LTD. / CIPLA	1,059,307.97	\$135,591,420.16	300,000.00	38,400,000.00	28%
11	BAXTER SALES & DIST.	1,104,886.20	\$141,425,433.60	250,000.00	32,000,000.00	23%
12	ETHNOR DEL / JANSSEN CILAG	1,248,178.70	\$159,766,873.60	1,700,000.00	217,600,000.00	136%
13	MEDICAL PRODUCTS	1,471,237.42	\$188,318,389.76	500,000.00	64,000,000.00	34%
14	CARI-MED LTD. (Bid1)	1,690,048.50	\$216,326,208.00	900,000.00	115,200,000.00	53%
15	APOTEX INC.	1,700,853.00	\$217,709,184.00	850,000.00	108,800,000.00	50%
16	INDIES PHARMA LTD.	1,706,935.85	\$218,487,788.80	300,000.00	38,400,000.00	18%
17	LASCO DIST. LTD.	2,700,656.90	\$345,684,083.20	1,400,000.00	179,200,000.00	52%
18	FACEY COMMODITY LTD	4,845,522.96	\$620,226,938.88	1,700,000.00	217,600,000.00	35%
	<b>TOTAL</b>			<b>10,630,000.00</b>	<b>1,360,640,000.00</b>	

(b) extension of contracts for the period 1 September 2017 to 31 August 2018;

RANK	SUPPLIER	VALUE OF AWARDS	EXTENSION OF CONTRACTS (12 MONTHS)	EXTENSION OF CONTRACTS (12 MONTHS)	VARIATION
		US	US	JD	%
1	FACEY COMMODITY LTD	4,845,522.96	3,723,168.21	476,565,530.30	77%
2	LASCO DIST. LTD.	2,700,656.90	2,524,113.78	323,086,563.42	93%
3	ETHNOR DEL / JANSSEN CILAG	1,248,178.70	2,209,921.08	282,869,897.60	177%
4	CARI-MED LTD. (Bid1)	1,690,048.50	1,572,854.32	201,325,352.42	93%
5	APOTEX INC.	1,700,853.00	1,505,807.70	192,743,385.60	89%
6	MASSY DISTRIBUTION LTD./SANOFI	620,322.44	1,071,536.79	137,156,709.60	173%
7	MEDICAL PRODUCTS	1,471,237.42	962,601.14	123,212,945.98	65%
8	T.S. PHARM INC	2,899,853.50	936,454.18	119,866,135.39	32%
9	INDIES PHARMA LTD.	1,706,935.85	899,139.52	115,089,858.24	53%
10	GLAXOSMITHKLINE	869,578.15	769,397.70	98,482,905.12	88%
11	RENAL DYNAMICS LLC DRUGS	618,728.50	682,900.99	87,411,327.04	110%
12	BAXTER SALES & DIST.	1,104,886.20	646,836.00	82,795,008.45	59%
13	LASCO DIST. LTD./CIPLA	1,059,307.97	590,708.78	75,610,724.03	56%
14	ELI LILLY	1,014,300.00	539,062.50	69,000,000.00	53%
15	INTAS PHARMA	737,432.45	512,020.84	65,538,667.07	69%

The National Health Fund is responsible for the procurement, warehousing and distribution of pharmaceutical preparations and medical sundries for government-owned health facilities. Increased demand for certain drugs represents the primary cause for the variations and contract extensions.

(iv) The Provision of General Property Insurance for Wigton Wind Farm Limited for the Three-Year Period 2018-2021

Cabinet approved:

- a) the award of a contract to CGM Gallagher Insurance Brokers Limited for the provision of insurance brokerage services for Wigton Wind Farm Limited for a three-year period starting 1 February 2018;
- b) the award of contracts in the amounts of US\$573,113.00 for US\$ Denominated Risks and \$639,265.00 for Jamaican Dollar Denominated Risks, to JN General Insurance Company Limited and Lloyds Syndicate, through CGM Gallagher Insurance Brokers Limited, for the provision of insurance coverage for Wigton Wind Farm Limited, for the first year (1 February 2018 to 31 January 2019), of the three-year contract; and
- c) the return to the market by CGM Gallagher Insurance Brokers Limited in the second and third years, to negotiate the best terms and rates available to allow for the required coverage for Wigton Wind Farm Limited.

Wigton Wind Farm Limited has several large assets including wind turbines, a power generation plant and buildings. The company's risk portfolio is therefore very high and insuring these assets is apart of the entity's risk management strategy.

(v) Procurement of Consultancy Services for Architectural Services for Public Building East (Supreme Court)

Cabinet approved the award of a contract in the amount of \$79,101,630.00 to Harold Morrison + Robert Woodstock Associates Limited for the provision of a full and complete spectrum of architectural services for the redesign and refurbishing of Public Building East of the Supreme Court.

The development of Public Building East will enable the creation of much-needed additional courtrooms and offices for the Supreme Court.

2. Board Appointment

Milk River Hotel and Spa

Cabinet approved the appointment of Ms. Wendy Thompson to the Board of Directors of the Milk River Hotel and Spa, with effect from 30 November 2017 and up to 12 June 2019, when the tenure of the Board will expire.

3. The National Craft Policy

Cabinet approved the recommendation of the Ministry of Industry, Commerce, Agriculture and Fisheries and the Ministry of Culture, Gender, Entertainment and Sport for the tabling in Parliament of the draft National Craft Policy, as a Green Paper.

The vision contained in the Policy is for a viable, sustainable, diversified and internationally competitive industry, showcasing authentic Jamaican products and that has the capacity to sustain livelihoods and leverage the inherent creativity in cultural expression of the Jamaican people, among other things.

4. Central Government Loan to PETROJAM Limited to Support Operations

Cabinet approved the provision of a loan of US\$100 million by the Central Government to PETROJAM Limited to finance its operations.

The operations of Petrojam Limited have been hampered by the issuance of the United States of America (USA) Executive Order (EO) 13808, issued on 25 August 2017, which outlines sanctions that prohibit certain financial transactions by US citizens with the Republic of Venezuela and instrumentalities of that country and, in particular, the state-owned oil and natural gas company, Petróleos de Venezuela, S.A. (PDVSA) and any entity it controls. PDVSA owns 49% of Petrojam Limited, whilst the Petroleum Corporation of Jamaica (PCJ) owns 51%. This has negatively impacted PETROJAM's access to its regular lines of credit.

5. Revised Policy on Government-Funded Credit Card

Cabinet approved a revised policy for the operation of Government-funded credit cards used by Ministers of Government, Permanent Secretaries, Heads of Department, Chief Executive Officers and other senior public officials, to be under the central management and control of the Accountant General's Department.

The policy brings the management of the credit cards under the control of the Central Treasury Management System. This will be supported by an on-line web-based platform and, in that regard, a local and international credit card tender will be issued for the provision of services to allow the Accountant General's Department to exercise full access and control over all Government-funded credit card activities.

6. Development of a Pilot Public-Private Partnership Project for Energy Efficiency and Solar Energy in Public Schools

Cabinet approved:

- (i) the transaction structure for the Schools Energy Efficiency and Solar Pilot Project, involving a 15-year Public-Private Partnership Project structured as an energy savings performance contract between a qualified private partner, competitively selected, and the Government of Jamaica, with the private contractor being responsible for designing, building, financing, operating and maintaining the retrofits at a pre-defined quality of service, and employing the following transaction features:
  - (a) an escrow account with financial resources equivalent to up to three months of availability payments for the energy service company contractor or as per final (negotiated) concession agreement;
  - (b) budgetary allocations being made to the Ministry of Education, Youth and Information, for the purpose of making direct payments to the energy service company contractor and residual bill payments to the Jamaica Public Service Company Limited (JPS) as per contractual obligations; and
- (ii) the Transaction Implementation Stage of the Project, which would involve the competitive bidding phase for the identification of a preferred private partner to execute the project.

The rationale for the Schools Energy Efficiency and Solar Pilot Project includes a reduction in the monthly expenditure on electricity in public secondary schools, which is currently between \$100,000.00 and \$1 million monthly.

7. Establishment of a National Trade Portal

Cabinet:

- (i) endorsed the establishment of a National Trade Portal comprising a repository for trade data, documentation and procedures;
- (ii) approved the execution of an Advisory Agreement between the Ministry of Industry, Commerce, Agriculture and Fisheries, acting on behalf of the Government of Jamaica, and the International Finance Corporation, a member of the World Bank Group to provide technical assistance and capacity-building support to establish the Trade Portal; and
- (iii) agreed that the launch of the National Trade Portal and the Foreign Trade Policy should be done jointly.

The objective of the National Trade Portal is a modernised, internationally competitive trade regulatory infrastructure, in keeping with the Government's Business Reform Agenda and its obligations under the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) which includes the requirement for signatories to make available readily accessible information on trade.

8. Implementation of the National Routine Maintenance Programme Due to Continuous Rainfall Over the Period June to November 2017

Cabinet approved:

- (i) the implementation of the National Routine Maintenance Programme in response to the damages caused by the continuous rainfall over the period June to November 2017;
- (ii) the allocation to \$820 million to be dispersed as follows:
 

(a) patching of the road network	\$378.000 million
(b) mitigation (bushing and drain cleaning)	\$269.640 million
(c) clean-up (National Solid Waste Management Authority)	\$134.820 million
(d) contingency	\$37.540 million
<b>Total</b>	<b>\$820.000 million</b>
- (iii) the use of the emergency procurement methodology, as outlined in the Government of Jamaica Handbook of the Public Sector Procurement Guidelines, to procure the services of Contractors to carry out the patching, bushing and drain cleaning and clean-up works under the National Routine Maintenance Programme.

The need for this programme has arisen as Jamaica had been affected by continuous rainfall, which had resulted in damage to several roadways, the silting of drainage courses and earthen drains, as well as the excessive growth of verges along major road corridors.

## 9. Reports

### (i) Vitals: A Quarterly Report of the Ministry of Health, Second Edition (October 2017)

Cabinet considered a report from the Ministry of Health regarding the second edition of "Vitals – a Quarterly Report of the Ministry of Health" (October 2017).

The report informed that "Vitals" was a publication which provided information on health trends and statistics in Jamaica, and the second edition included a special feature on surgeries performed in public hospitals during the period January to March 2017, as well as health statistics on health centre, health facility and hospital utilisation; diagnostics; births, still births and neonatal deaths; notifiable diseases and health events; and health sector complaints.

### (ii) Implementation of the Motor Vehicle Pre-Shipment Inspection Programme

Cabinet considered a report from the Ministry of Industry, Commerce, Agriculture and Fisheries regarding the implementation of the Motor Vehicle Pre-Shipment Inspection Programme.

The report advised of the intention to implement pre-shipment inspection services for used vehicles imported into Jamaica, as provided for in the Motor Vehicle Import Policy (MVIP) approved by the Cabinet in March 2014.

The report advised that pre-shipment inspection was deemed necessary for the protection of consumers and would involve a physical examination, historical tracing and verification of each vehicle by an independent assessor, prior to importation into Jamaica.

The report informed of the process of the selection of Auto Terminal Japan Limited (ATJ) as the preferred service provider; the cost of US\$160.00 for each vehicle to be inspected; and the expected annual revenue of US\$243,000.00.

The report also indicated the intention to sign an agreement with ATJ, to give effect to the pre-shipment inspection requirement by way of a Ministerial Order under the Trade Act, pending the completion of more comprehensive Regulations.

### (iii) Report on Ministerial Trips to China, Japan and the United Arab Emirates

Cabinet considered a report from the Ministry of Education, Youth and Information regarding the outcomes of meetings attended by a delegation led by the Minister of Education, Youth and Information to China, Japan and the United Arab Emirates during the periods 11 to 19 December 2016, 8 to 14 July 2017 and 14 to 18 October 2017, respectively.

The report advised of the benefits emanating from the meetings, including the establishment of a partnership with China's BINY Corporation and the then Caribbean Maritime Institute (CMI) for the replacement and installation of LED lights in primary schools; partnerships with Japan on a wide range of initiatives encompassing the possibility of establishing a coffee academy and the introduction of the matters of safety

and security in the school curriculum; and with the United Arab Emirates from which emanated proposals on the design of schools in line with international best practices, challenges identified in respect of Jamaica's representation in the Middle East and partnerships with WorldSkills Foundation.

(iv) Jamaica's Participation in the 39<sup>th</sup> Session of the United Nations Organization for Education, Science and Culture (UNESCO) General Conference, 30 October 2017 to 14 November 2017; and the 21<sup>st</sup> Session of the General Assembly of State Parties to the 1972 World Heritage Assembly, 14-15 November 2017 held in Paris, France

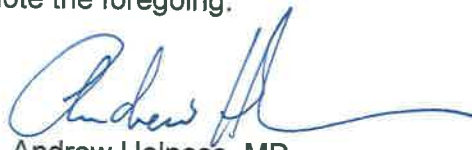
Cabinet considered a report from the Ministry of Culture, Gender, Entertainment and Sport regarding a report on Jamaica's participation in the 39<sup>th</sup> Session of the United Nations Organization for Education, Science and Culture (UNESCO) General Conference held 30 October 2017 to 14 November 2017; and the 21<sup>st</sup> Session of the General Assembly of State Parties to the 1972 World Heritage Assembly during the period 14 to 15 November 2017, in Paris, France.

The report provided highlights of the General Conference, including the challenges of climate change and its effect on the economies of vulnerable states; freedom of expression and access to information; progress towards the 2030 Sustainable Development Agenda's goal for education; and a revised strategy on the protection of culture and cultural pluralism in the event of armed conflict to include natural disasters.

The report advised of the contribution by the Minister of Culture, Gender, Entertainment and Sport in the General Policy Debate on 4 November 2017, which was the platform for members to share progress on national programmes related to the mandate of UNESCO; that Jamaica was successfully elected to the UNESCO Executive Board for the 2017 to 2021 period; and that Jamaica was named a representative of the Information for All Programme Committee (IFAP).

The report also provided information on the 21<sup>st</sup> Session of the General Assembly of State Parties to the 1972 World Heritage Assembly.

The Honourable House is asked to note the foregoing.



Andrew Holness, MP  
Prime Minister  
10 January 2018