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MINISTRY PAPER

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Ministry of Trade
and Industry

REMISSION OF DEBT CHARGES DUE FROM THE
JAMAICA INDUSTRIAL DEVELOPMENT CORPORATION

The approval of the House of Representatives is sought under Section 18(2) of the Industrial Development Corporation Law, Cap. 160, to meet from General Revenue the following charges in respect of allocations of loan funds to the Corporation:

- (i) Interest amounting to £289,124 to 31st March, 1963 on £1,996,274 of loan funds.
- (ii) Interest charges and statutory sinking funds payable on loan funds amounting to £842,670 representing capital losses sustained by the Corporation up to 31st March, 1963.

Section 18 subsection (2) and (3) provides as follows:-

"(2) The charges on any amount which may be allocated to the Corporation from loan funds shall be met by the Corporation:

Provided that all or any part of such charges may be met from the General Revenue of the Island subject to the approval of the House of Representatives.

(3) For the purpose of this section, the expression "loan funds" means such sums as may be made available from time to time to the Government by way of loan."

2. Over a period of twelve years since the establishment of the Corporation on 1st June, 1952, loans have been made by Government to the Corporation for:-

- (i) financing the Corporation's factory building programme; and
- (ii) industrial financing.

Most of the funds disbursed by the Corporation from funds provided under (ii) above have been lost and the Corporation has therefore been unable to repay any portion of these loans or to pay the interest thereon. The Corporation under powers vested in it by law applied the funds under the following broad headings:-

Loans and equity (Shares, Debentures, etc)	..	£	832,682	
Factory buildings	..		1,152,591	
Experimental projects	..		<u>11,001</u>	= <u>£1,996,274</u>

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The losses sustained by the Corporation are made up as follows:-

Shares	£ 46,533	
Debentures	..	..	756,656	
Unsecured loans	..	..	28,480	
Capital losses on special projects	..	..	<u>11,001</u>	= <u>£842,670</u>

A schedule of losses written off showing the years in which the investments were made is attached. The amounts written-off were effected in accordance with the appraisal carried out by a firm of Management Consultants, Messrs. Coopers & Lybrand, in May, 1962, as well as subsequent appraisals by the Corporation.

3. The Industrial Development Corporation has sustained a total loss on its investments in Jamaica Woolens Limited. The loss in that enterprise represents the greater portion of the overall loss (£842,670) sustained by the Corporation and for which approval of the House is now sought to remission of debt charges against these existing Government loans. It will not be possible to ascertain precisely what the final loss in Jamaica Woolens Limited will be until all its assets and those of the associated companies have been realised.

4. The remission of the debt charges referred to in (ii) of paragraph 1 above will not result in any increase in the annual provision in the Estimates of Expenditure for Public Debt Charges. As a consequence of the remission, however, reimbursements from the Corporation which would have formed part of Government Revenue (Debt Charges Reimbursements) will not be forthcoming.

Industrial Financing

5. It is not proposed in future to make any funds available to the Corporation for financing industries. For such purpose the Development Finance Corporation will be the agency through which funds will be made available to industrial enterprise.

Factory Construction

6. The factory building programme of the Industrial Development Corporation has been reviewed and is being established along sounder lines. The aim is to make this programme self-supporting.

7. I shall in due course move a resolution in this Honourable House asking that the proposal in this Ministry Paper be approved.

ROBERT C. LIGHTBOURNE
Minister of Trade and Industry
19th Jaunary, 1967.

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