NATIONAL LIBRARY OF JAMAICA

MINISTRY PAPER 45 - 1977

GUARANTEE OF LOAN FINANCING TO JAMAICA PUBLIC SERVICE COMPANY LIMITED

Negotiations have been completed with the Royal Bank Jamaica Limited for loan financing amounting to J$6.5 million to the Jamaica Public Service Company Limited to assist the Company in its present short-term cash flow difficulties.

2. The Company has over the years relied heavily on overseas borrowings to finance its capital expansion programmes. A breakdown of the sources and extent of such financing and consequential servicing is as follows:

| Sources | | Debt Servicing (1977) |
|---|---|---|
| World Bank | $16.429 | .907 |
| U.K. Export Credit | 2.025 | .420 |
| Eximbank | 23.376 | 1.910 |
| Various Debentures | 7.867 | .368 |
| Commercial Banks | 41.882 | 11.124 |
| Total | $93.579 | $14.729 |

3. The upshot of the foregoing is that the Company faced with such heavy debt servicing which has depleted its cash resources, has had to resort to additional local commercial bank borrowing to meet these short-falls. It is anticipated that in the long run these increased costs will be recovered through the adjustment in rates which were made in September of this year.

4. The terms and conditions of the loan are as follows:

i) repayment to be at the rate of $200,000 per month commencing March 1979 and continuing through to November, 1981;

ii) interest to be at a rate of 2% above current prime rate (present effective rate 13% per annum);

iii) the guarantee of the Government of Jamaica to be given.

5. The House of Representatives is accordingly asked to approve under the provisions of the Approved Organizations and Authorities Loans (Government Guarantee) Act, the guarantee of the repayment of principal and payment of interest of the loan of J$6.5 million from the Royal Bank Jamaica Limited to Jamaica Public Service Company Limited on the terms and conditions listed at paragraph 4.

Attached is a list of outstanding guarantee.

In due course I will move a resolution to this effect.

INSTITUTE OF JAMAICA
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DAVID H. COORE
Deputy Prime Minister and
Minister of Finance
November 28, 1977

GUARANTEE OUTSTANDING AMOUNTS

AT 31/3/77

| NAME OF ORGANIZATION | AMOUNTS AUTHORIZED | ESTIMATED OUTSTANDING BALANCE |
|---|---|---|
| J.C.S.M.T.S. | $ 100,000.00 | $ - |
| Munro & Dickenson Trust | 60,000.00 | 4,000.00 |
| Point Continental Hotel | 8,166,766.00 | 6,568,175.00 |
| Rose Hall Intercontinental | 3,677,272.73 | 3,677,272.73 |
| Rose Hall Holiday Inn | 6,363,636.36 | 5,000,000.00 |
| Rose Hall Intercontinental | 681,818.18 | - |
| Pegasus (B.O.A.C.) | 2,000,000.00 | 748,000.00 |
| J.D.B. | 42,916,925.63 | 22,355,889.29 |
| Kingston Waterfront | 9,466,666.00 | 8,866,666.00 |
| Trelawny Resorts | 11,830,303.03 | 6,760,173.16 |
| Rutland Point | 7,000,000.00 | 7,000,000.00 |
| Ja. Mortgage Bank | 49,954,545.45 | 43,674,203.45 |
| Frome Monymusk | 14,548,994.09 | 13,863,024.09 |
| Innswood | 700,000.00 | 700,000.00 |
| Grays Inn | 450,000.00 | 624,211.00 |
| Mallards Reef | 11,587,312.73 | 11,180,992.73 |
| Air Jamaica | 51,885,549.14 | 39,680,931.43 |
| Jamaica Public Service | 96,758,181.82 | 65,780,000.00 |
| Jamaica Telephone Company | 56,650,909.00 | 48,444,976.00 |
| Port Authority | 14,800,652.73 | 14,356,358.73 |
| U.D.C. | 28,598,564.00 | 26,338,804.00 |
| K.S.A.C. | 750,000.00 | 500,000.00 |
| U.W.I. | 2,972,727.27 | - |
| National Housing Corp. | 9,000,000.00 | 9,000,000.00 |
| Ja. Nutrition Holding | 5,000,000.00 | - |
| Ja. Soya Products | 4,010,000.00 | - |
| Banana Board | 5,238,915.00 | 5,088,915.00 |
| Electricity Authority | 3,681.818.00 | 3,272,727.00 |
| New Kingston Hotel | 1,654,545.00 | 748,000.00 |
| Water Commission | 18,181,818.00 | 5,034,274.55 |
| T O T A L:- | $ 468,687,920.16 | $ 349,267,594.16 |

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